

Economic Development Strategic Plan  
2015-2018

# City of Issaquah



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# Overview

Economic development is implemented by a process through which the City, its Council, private businesses and other partners work collectively to create better conditions for economic growth and employment generation. Economic development is more than just infrastructure, employment and new buildings. It is a pathway to self sufficiency and a fiscally sound city. Economic development is a long-term and sustained effort to build the capacity of the City to improve its economic future and the quality of life for its residents.

This plan is action oriented. It is organized around a singular Guiding Principle and a number of aspirational vision statements. The Goals, Strategies and Action Steps, the functional components of this Plan, flowed from these over-arching concepts.

Implementation of this Plan will require the sustained commitment of the City and its partners. Monitoring activities and reporting will inform future decisions during the 4-year period planning period.

## Plan Goals:

Successful  
Business  
Environment

***The place*** where businesses thrive.

Promote  
Value  
Proposition

***The first choice*** for business location.

Workforce  
Development  
and Housing

***The place*** for career advancement and housing diversity.

Vibrant  
Community

***The place*** for an active and fulfilling life.

# Purpose & Vision

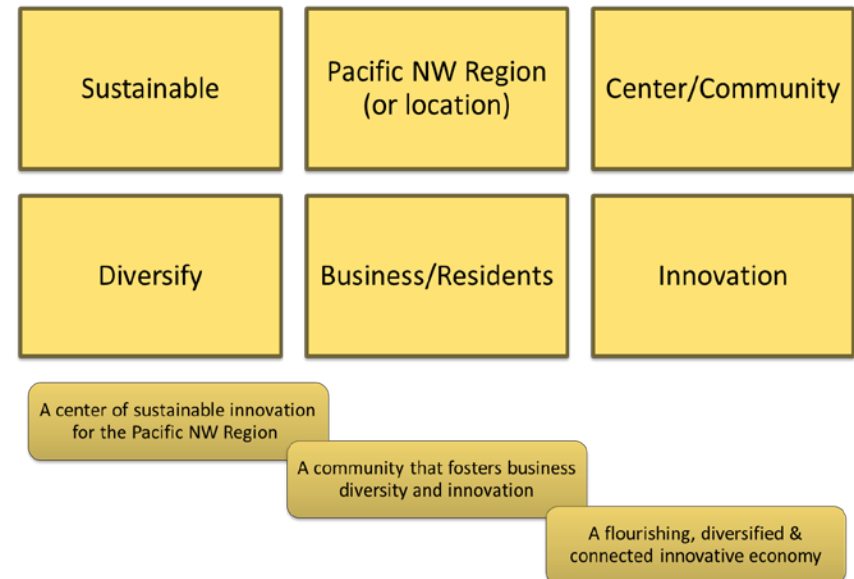
## PURPOSE

The economic climate of the Puget Sound has become more competitive and complex. The City must be proactive in creating and seizing opportunities for economic innovation and investment. This *Economic Development Strategic Plan* is a purposeful, focused effort produced to guide the actions of the City, in partnership with our businesses and the community, to achieve our goals for an economically secure, innovative, efficient and vibrant community.

The purpose of the Strategic Plan is to focus the economic development energy; to ensure that City staff and its partners are working toward the same goals, to assess, and adjust the organization's direction in response to our changing environment. The Plan is to serve as a roadmap for the Economic Development Department and its partners to build upon Issaquah's economic advantages; address opportunities for improvements and leverage efforts to create a business climate that attracts investment; and, provide a mechanism to evaluate investments and redirect policies where needed. The result will help ensure that economic growth in our community creates opportunities and lifestyle improvements for our residents and business community.

## VISION

The economic development vision must be bold, distinctive and aspirational. The Commission and the Economic Development Department developed vision concepts, but elected to not drill down on a specific and finite statement at this time. The vision concepts guided the development of the Plan goals and strategies. These vision concepts are provided below:



# Construct at a Glance

The Strategic Plan takes a comprehensive approach to economic development. The planning approach hinged on a Guiding Principle and may be summarized in 3 steps that are illustrated below:

## Guiding Principle:

**Leverage Issaquah's high quality of life, locational advantages, strong schools and existing business community to attract and retain businesses that are additive to the vitality of our Community.**



### Step 1: Look to the Past

The first step taken was to look to the past. A SWOT (Strengths-Weaknesses-Opportunities-Threats) evaluation was performed to accurately map out the City's economic positioning by looking at it from all angles, which included an exhaustive look at all internal and external resources and threats.

### Step 2: Understand today

Following the SWOT evaluation, the City contracted with Community Attributes to conduct a Sector Analysis. This step addressed two of the Weaknesses identified in the SWOT: *Transitioning Economic Maturity & Undefined Value Proposition*. The Sector Analysis identifies the business sectors prevalent in the City; what businesses are the City more likely to attract; and, if there are any business clusters that might serve as a focus and need for future attention.

### Step 3: Take Action

Once the existing economic landscape was evaluated, the Economic Vitality Commission and Economic Development Department worked together to develop the Vision Concepts, Goals, Strategies and Action Steps contained in this Strategic Plan. The Action Steps will be implemented, measured and monitored through the 4-year Plan cycle. Annual adjustments may be necessary to respond to information gathered. An evaluation and comprehensive update of the Strategic Plan will be conducted in implementation year 4 (2018) to cover the next 4-year cycle.

# SWOT Evaluation

Looking to the past...

(See Strategic Plan  
Appendix for full report)

<p><b>S</b> <b>Factors that give Issaquah an Advantage</b></p> <ul style="list-style-type: none"> <li>• Caring &amp; Involved, Talented &amp; Educated Community</li> <li>• Location Advantage (regional transportation)</li> <li>• Strong base of major employers (Costco, Swedish)</li> <li>• Strong education system</li> <li>• Parks &amp; Open Space</li> <li>• Nice place to live</li> </ul>	<p><b>W</b> <b>Factors that place Issaquah at a Disadvantage</b></p> <ul style="list-style-type: none"> <li>• Limited transportation mobility options</li> <li>• High cost of living &amp; doing business</li> <li>• Retail-dominated Economic base</li> <li>• Transitioning economic maturity</li> <li>• Undefined value proposition</li> <li>• Limitations of capital, land &amp; labor</li> </ul>
<p><b>O</b> <b>Factors positively influencing Issaquah's business potential</b></p> <ul style="list-style-type: none"> <li>• Growth of Swedish, Costco &amp; BC</li> <li>• Growing Puget Sound economy</li> <li>• Positive small town character</li> <li>• Smart growth policies</li> <li>• Outdoor recreation</li> <li>• Arts/Culture identity</li> <li>• Community at an inflection point</li> <li>• Influential demographic</li> </ul>	<p><b>T</b> <b>Factors that could negatively impact Issaquah</b></p> <ul style="list-style-type: none"> <li>• Growing competition from neighboring communities</li> <li>• External economic instability</li> <li>• Social/Cultural shifts to urbanization</li> <li>• Reversion to old policies</li> <li>• Shrinking Federal/State/Regional transportation budgets</li> <li>• Large Commercial vacancies</li> </ul>

# Sector Analysis

Understanding today...

A business sector is a part of the economy where businesses share the same or a related product or service. An economy can be broken down into specific sectors that can describe nearly all of the business activity in that economy. Each sector will have a varying number of industries or businesses that comprise the sector. For example, the financial sector can be broken down into industries such as life insurance, credit unions, investment brokers, and regional and national banks. When breaking down the economy, the first groups are sectors that describe a general economic activity. Then all of the companies that fall into that sector are categorized further into industries where they are grouped only with companies with which they share very similar business activities.

The Sector Analysis conducted for the City began by creating a data profile based on business types, demographics and workforce data. Issaquah's profile was then compared with regional and national economic data. Local employment numbers were trended over time and evaluated in comparison with the City's regional neighbors. Finally, potential cluster strategies were identified.



*(See Strategic Plan  
Appendix for full report)*



# EXISTING EMPLOYMENT AND INDUSTRIES

**Net Change in Covered Employment by PSRC Sector, City of Issaquah, 2001-2013**

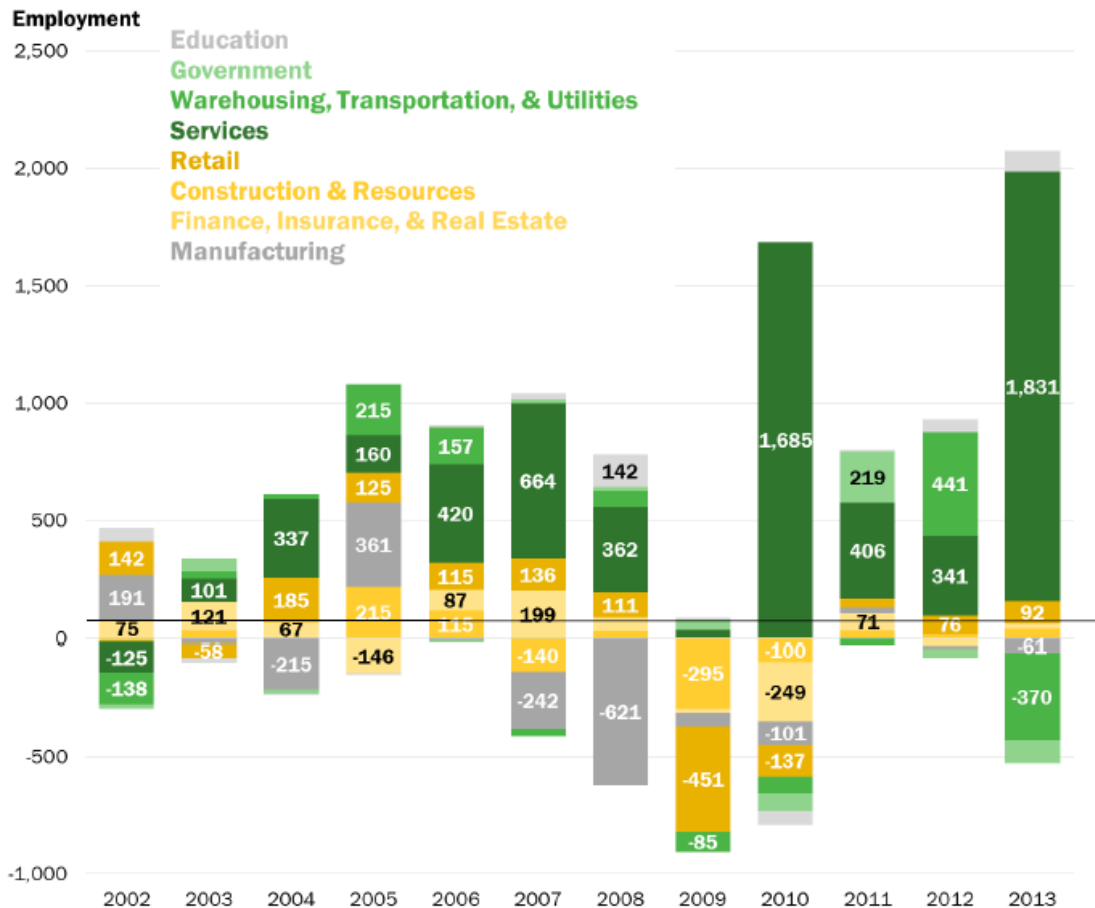


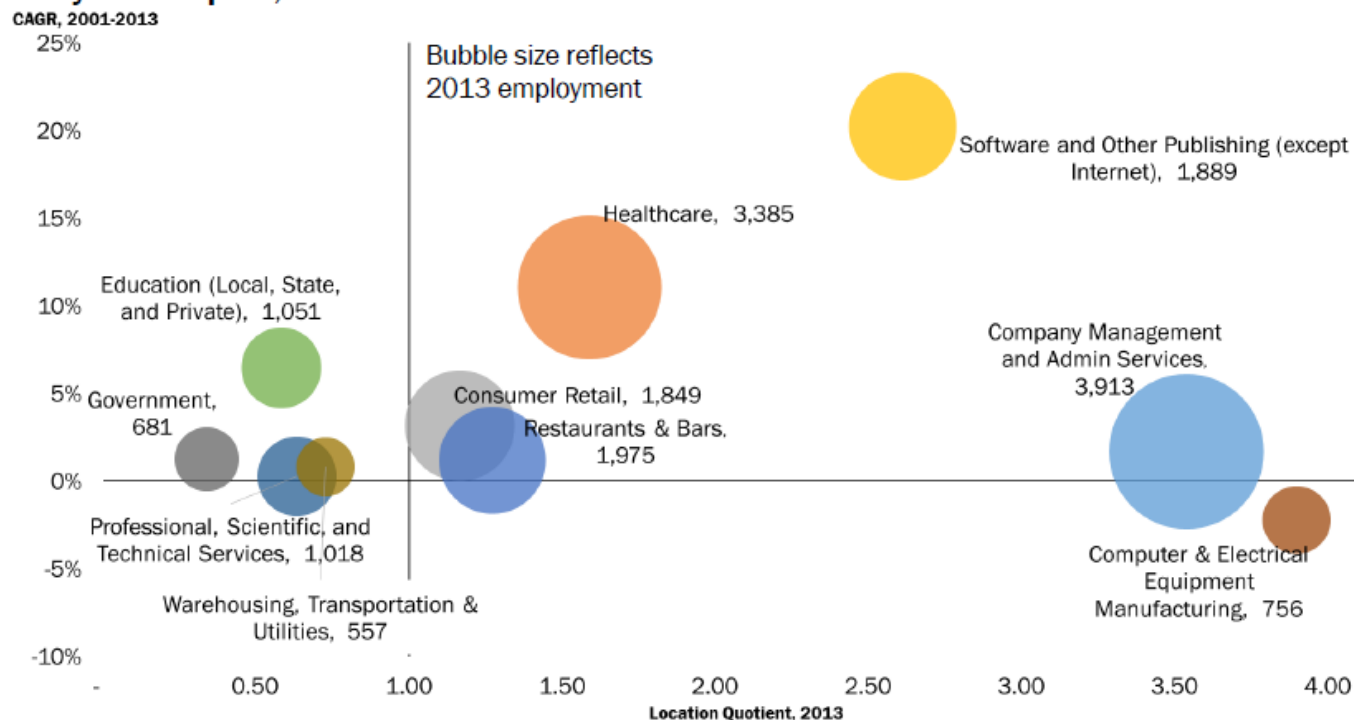
Exhibit 15 displays change in employment from the previous year by PSRC industry sector for Issaquah. Beginning in 2007, Issaquah lost jobs in manufacturing (242) and construction and resources (140), with another loss of 621 jobs in the sector in 2008. In 2009, further jobs were lost in Retail (451), Construction and Resources (295), and Warehousing Transportation, and Utilities (85). Recovery of these jobs began in 2010 with a gain of 1,685 jobs in services, and another 406 services jobs in 2011.

*Note: the increase in Information jobs can be attributed to Microsoft and may represent a lag in reporting of employment data.*

Source: Community Attributes, 2014; PSRC, 2014.

# EXISTING EMPLOYMENT AND INDUSTRIES

## Ten Largest Industry Sectors (employment), 2001-2013 Growth, and Industry Concentration, City of Issaquah, 2012



Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 24 shows Issaquah's ten largest sectors in terms of employment by annualized growth between 2001 and 2013 (Y-axis), concentration (by location quotient, on the X-axis), and size of current employment (bubble size). Sectors with the highest growth between 2001 and 2013 include Software and Other Publishing (Except Internet), Healthcare, and Education (Local, State, and Public).

### Clusters Advantages in Issaquah include:

- **Software and Other Publishing (except Internet)**
- **Company Management and Admin Services**
- **Computer & Electrical Equipment Manufacturing**
- **Healthcare**

# CLUSTER STRATEGIES

## Target Industries Review Template

Cluster	Description	Local Company Examples	Opportunities	Challenges
<b>Outdoor Recreation and Tourism</b>	A place-based cluster of businesses focused on recreational amenities. This can extend to recreation companies testing products, retail, equipment R&D, with overlap between Healthcare.	<ul style="list-style-type: none"> <li>• REI</li> <li>• Gerk's Ski and Cycle</li> <li>• Creekside Angling Company</li> <li>• Uphill Running</li> <li>• Kayak Academy</li> <li>• Arena Sports</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah has unmatched access to outdoors; this cluster can complement existing recreational technology activities in Kent.</li> <li>• Overlap with healthcare.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of existing presence.</li> <li>• The City would have to take a leadership role in developing this; challenges in defining the cluster.</li> </ul>
<b>Health and Wellness</b>	Includes a range of practices: hospitals; preventative care; aging care; and specialists. There is overlap between Healthcare and activities of Healthcare Research and Manufacturing, as well as Outdoor Recreation and Sports Medicine.	<ul style="list-style-type: none"> <li>• Overlake, Virginia Mason, Providence Marianwood</li> <li>• UW Medical and Swedish</li> <li>• Lakeside Center for Autism</li> <li>• Spiritwood at Pine Lake</li> <li>• Issaquah Nursing &amp; Rehabilitation Center</li> <li>• Proliace Surgeons</li> </ul>	<ul style="list-style-type: none"> <li>• A strong existing presence.</li> <li>• Opportunities for expansion on activities complimentary to Swedish.</li> <li>• A growing and aging population.</li> </ul>	<ul style="list-style-type: none"> <li>• The health care business model is in flux.</li> <li>• Issaquah must define the City's role among Eastside providers within the competitive healthcare market.</li> </ul>
<b>Information Technology and Research</b>	Software, gaming, hardware, and R&D along with Dental and medical device and product manufacturing. There is potential overlap between IT activities, Healthcare Research and Manufacturing.	<ul style="list-style-type: none"> <li>• Siemens Medical Solutions</li> <li>• Applied Precision/GE Healthcare</li> <li>• Issaquah Dental Lab</li> <li>• Microsoft</li> <li>• Goldsim Technical</li> <li>• Oslo Solutions</li> <li>• ServiceSource</li> <li>• Luxecards</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah already has a role as an incubator/startup location.</li> <li>• Skilled labor force in Issaquah and surrounding communities.</li> <li>• More affordable than Seattle; potential for growth as tech workforce ages.</li> <li>• Opportunities for expansion on the already existing presence and for synergies within Healthcare sector.</li> <li>• Growing and aging population.</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah must define the city's role in Seattle among the competitive technology and research sector.</li> <li>• IT sector needs to diversify beyond Microsoft.</li> <li>• With biotechnology activities elsewhere (Bothell, South Lake Union), this is a competitive market.</li> <li>• Among clusters this one is less well-known.</li> </ul>
<b>Company Management and Services</b>	Business headquarters and activities associated with management and operations of companies.	<ul style="list-style-type: none"> <li>• Costco</li> <li>• Acosta Sales &amp; Marketing</li> <li>• Advantage Sales &amp; Marketing</li> <li>• Transnet</li> <li>• NAES</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in Costco footprint &amp; existing vendors.</li> <li>• Opportunity to grow businesses that support Costco and locate them in Issaquah.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of complementary office space.</li> <li>• Need to diversify beyond just Costco.</li> </ul>

# Goals & Strategies

1. Successful business environment is further defined as “**The place** where businesses thrive.”

The strategies and action steps focus economic development activities to improve the business climate for existing and relocating businesses. The four priority strategies to achieve this goal include:

- 1.1 Business services for existing and start-up businesses.
- 1.2 Transportation and mobility solutions to address business needs.
- 1.3 Utility and other infrastructure assets available for business areas.
- 1.4 Internal processes ensure a competitive cost of doing business.

2. Promote value proposition strives to create Issaquah as “**The first** choice for business location.”

This goal is focused on defining and promoting the benefits of doing business in Issaquah. Multi-media marketing programs will be developed to focus on targeted sectors that are currently under research. The strategies that will drive this goal include:

- 2.1 Defined business value proposition and regional advantages.
- 2.2 Targeted marketing and outreach program.
- 2.3 Diversified economy.
- 2.4 Generate new private investment via development and redevelopment.

3. Workforce development and education is an important tool for economic development to ensure that Issaquah is “**The place** for career advancement and housing diversity.”

The City will rely on partnerships with local educational institutions and housing developers to deliver services and products to serve residents and businesses. The focus includes:

- 3.1 Higher education institutions, job training programs and businesses aligned with regional workforce needs.
- 3.2 Local education institutions connected to the business community.
- 3.3 Opportunity for all employees to live within the community.

4. Vibrant community describes the broader impacts and amenities of the community to make it “**The place** to live.”

The quality of life offered in the community not only offers the opportunity to attract residents but also businesses that integrate and support the community. This goal will focus on creating:

- 4.1 Robust arts and culture opportunities.
- 4.2 Awareness and access to outdoor recreation opportunities.
- 4.3 Outstanding entertainment, dining and shopping experiences.

# Action Steps

1.1.a	Meet w/ employers to ensure needs are met
1.1.b	Partner w/ Chamber & DIA for business outreach events
1.1.c	Support Mayor's Olde Town Task Force
1.1.d	Serve as business Ombudsman within the City
1.2.a	Support efforts to create a new I-go crossing
1.2.b	Ensure business needs are considered in regional transportation discussions
1.2.c	Identify missing links, examine mobility & transportation alternatives
1.2.d	Develop transportation infrastructure funding strategy
1.3.a	Partner w/ Chamber to analyze business utility needs
1.3.b	Identify infrastructure needs to facilitate Central Issaquah
1.4.a	Institutionalize ED within the City
1.4.b	Compare Issaquah and peer cities: fees, taxes & cost of doing business
1.4.c	Improve management of business data
1.4.d	Create easy to navigate website and "Welcome Wagon"
1.4.e	Streamline the change-of-use process
2.1.a	Conduct sector analysis to determine business mix that fits City's vision
2.1.b	Create business identity/brand
2.2.a	Secure funding for multi-media marketing plan
2.2.b	Create & implement marketing plan
2.2.c	Increase partnerships/communications with real estate brokers, site selectors
2.2.d	Deepen professional relationships with public and private organizations
2.2.e	Develop an Innovation Partnership Zone (IPZ)
2.3.a	Recruit businesses to reduce retail leakage
2.3.b	Attract & retain businesses that provide stability for the City's economy

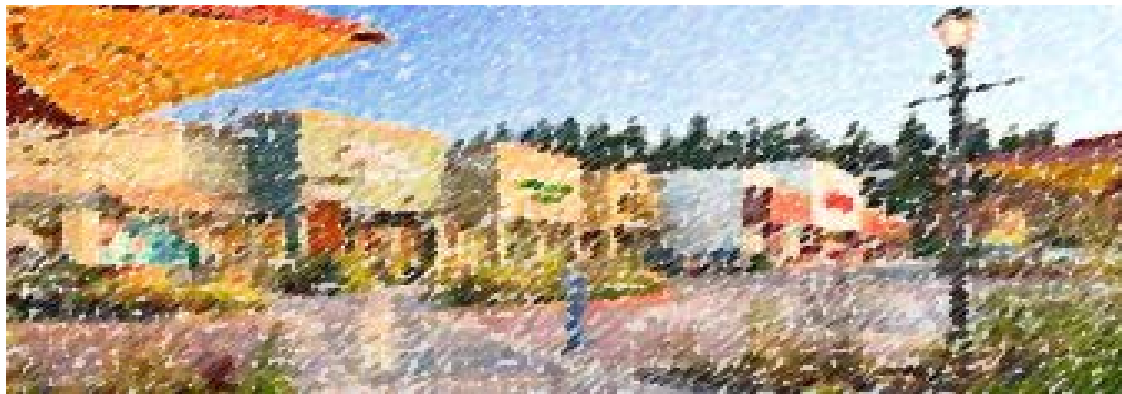
2.3.c	Attract higher-skilled, quality jobs
2.4.a	Manage development agreements to achieve the City's vision
2.4.b	Market redevelopment opportunities within Central Issaquah
3.1.a	Host a job fair
3.1.b	Identify strategies, policies & programs that would sustain a branch campus
3.1.c	Recruit another 4-year+ private educational institution
3.1.d	Facilitate connection of workforce development providers & businesses
3.2.a	Partner with the District to connect businesses and classrooms
3.2.b	Promote educational excellence to the business community
3.2.c	Coordinate with schools to increase internship opportunities
3.3.a	Develop workforce housing plan
3.3.b	Work to expand workforce housing opportunities
4.1.a	Attract a new arts/music venue
4.1.b	Assist Issaquah History Museum with capacity building
4.1.c	Explore housing opportunities for artists
4.2.a	Increase recreation & business opportunities at Lake Sammamish State Park
4.2.b	Improve access and usability of outdoor recreational and natural amenities
4.2.c	Promote & attract outdoor recreation businesses
4.3.a	Support implementation of Tourism Business Plan
4.3.b	Facilitate partnerships for entertainment, dining & cultural activities
4.3.c	Include more multi-generational & multi-cultural activities and entertainment opportunities
4.3.d	Improve Wayfinding

# Reporting & Next Steps

Implementation of the Plan will consist of tracking tangible outputs that are benchmarked and measured. Resources that will provide useful data include community surveys, labor statistics, retail sales tax revenue changes, commercial occupancy rates, property and rent values, and the total number of new business starts. The information generated by the Action Steps will provide better clarity on the economic vitality of the City. The Economic Development Department, Economic Vitality Commission, City Administration, City Council and business community will be able to better understand the City's business climate, its health, as well as the effectiveness of the proposed economic development strategy and selected Action Steps.

The Economic Development Department will track Action Plan Milestones (Milestones) to ensure progress towards strategic priorities and goals. Reports will be provided quarterly to the Economic Vitality Commission and City Council and will be posted on the Department's webpage. In addition, a comprehensive annual report will be shared with all stakeholders.

The annual report will provide an opportunity for the Economic Development Department to apply adjustments where necessary to respond to the measured outcomes for each Goal. Prior to the term of this 4-year Plan, the parties will prepare a follow up strategic plan to cover the next 4-year window.



# Milestones

Goals	Metrics for Success
Goal 1: <b>The place</b> where businesses thrive	<u>Business Growth</u> : measured by change in B&O Tax Revenue and New Business Licenses
	<u>Business Assistance</u> : measured by number of business visits
Goal 2: <b>The first</b> choice for business location	<u>Business Attraction</u> : measured by number of New business Licenses and number of Business Recruitment conversations
	<u>Brand &amp; Marketing</u> : number of Targeted Marketing Campaigns, number reached
Goal 3: <b>The place</b> for career advancement and housing diversity	<u>Alignment of Housing Costs &amp; Wages</u> : measured by median household income and average housing costs
	<u>Workforce Development</u> : number of people and businesses involved in City-sponsored programs
Goal 4: <b>The place</b> to live	<u>Quality of Life</u> : measured as part of Citizen Survey
	<u>Amenities</u> : number of conversations supporting or facilitating arts/culture, outdoor recreation or shopping/dining/entertainment

# Appendices

SWOT Evaluation  
Sector Analysis



# Evaluating Issaquah's Economic Potential

(Chapter 1: SWOT Analysis)

(Chapter 2: Policy Considerations)

Economic Vitality Commission

2013



CITY OF  
**ISSAQUAH**  
WASHINGTON

# Participants

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Chapter 1

# **SWOT ANALYSIS**

"Like a piece of architecture, the city is a construction in space, one of vast scale, a thing perceived only in the course of long spans of time."

Kevin Lynch, The Image of the City, 1960.

#### Background

The duties and responsibilities of the Economic Vitality Commission (Commission), as identified in IMC 2.89.050, include: assessing existing economic policies; formulating new strategies and policies; and, making recommendations on economic development programs and policies. However, before the Commission could formulate positions on what policies and programs could best benefit the City's economic base, it needed to 1) reflect upon Issaquah's past; 2) better understand its current positioning; and, 3) vision a near-term economic future that could be achieved through the implementation of strategic policies.

The SWOT (Strengths, Weaknesses, Opportunities & Threats) analysis performed by the Commission provides both a look to the past to understand how we got to this point; and, envisioning the future of our community including the blocks to achieving that vision. Understanding our current position is fleeting and ever changing is part of the dynamic condition of communities. As businesses enter and exist our market, as they expand or contract, the City will need to periodically revisit this SWOT analysis and the suggested actions that come from it. Making adjustments to the policies, expenditures and programs is part of our commitment to keep Issaquah a dynamic growing community.

The Economic Vitality Commission met from February through May of 2013 to perform their SWOT analysis. There were three current events that influenced the perspective of the Commission. They were the Mayor's 2013 State of the City address, the 2012 BRE Survey, and the recently-adopted Central Issaquah Plan. They provided both a long-term vision for the community and an immediate list of concerns that businesses had.

#### Process

The first step in the process included developing a "guidepost" to ground the public conversation in a shared broad goal. The Guidepost was:

#### To Expand & Improve the Economic Climate for Issaquah as a Great Place to Live & Work.

By expanding and improving the "Climate", the Commission clarified it to include:

- Seeking an optimal, diversified business portfolio
- Developing businesses
- Attracting new businesses
- Retaining existing businesses
- Growing knowledge-wage jobs
- Providing opportunities for workforce education/training
- Creating a sustainable economy
- Supporting our cultural life, e.g., schools, recreation, and overall livability
- Fostering entrepreneurship and innovation

After developing the guidepost, the Commission went through a retrospective process of looking at the big influences on the City over time. From regional economic forces to Statewide planning initiatives and local plan approvals, the Commission, with the assistance of Skip Rowley and Mayor Ava Frisinger, attempted to catalogue the major events that have shaped the City. These events are illustrated in Figure 2.

From the historic imagery that was developed (i.e. looking at the past), the Commission brainstormed the factors that could limit the City's future success as a bookend to the SWOT analysis of the City current economic positioning. The following themes were identified as future concerns:

#### Major Potential Blocks to the Economic Future of Issaquah

1. **Internal City Policies:** It was viewed that the City is in the process of transitioning with key changes in vision for what the City is becoming. New development agreements and the Central Issaquah Plan outline the path for the next 20+ years. As with any change event, concern was raised that the City may not stay the course.
2. **External Factors:** I-90 tolling, Post-recession lending practices, State funding, economic globalization and other factors were identified as influences that couldn't be changed, but need to be considered in our policy planning.
3. **Transportation:** it will be a challenge to keep in-city transportation fluid, more emphasis will need to be committed to transit and non-motorized transportation alternatives.
4. **Affordability:** the cost of housing, property and lease rates factor in site selection for businesses. Issaquah's costs may dissuade certain businesses from locating here.
5. **The Players:** although a majority of the businesses are small and located on small properties, there are some large influences in our community that could negatively affect our future if they were to leave or not support the City's future vision. Some of these key players include: Costco, Swedish, Rowley Properties, Vulcan, the Village Theater, and Regency Centers.

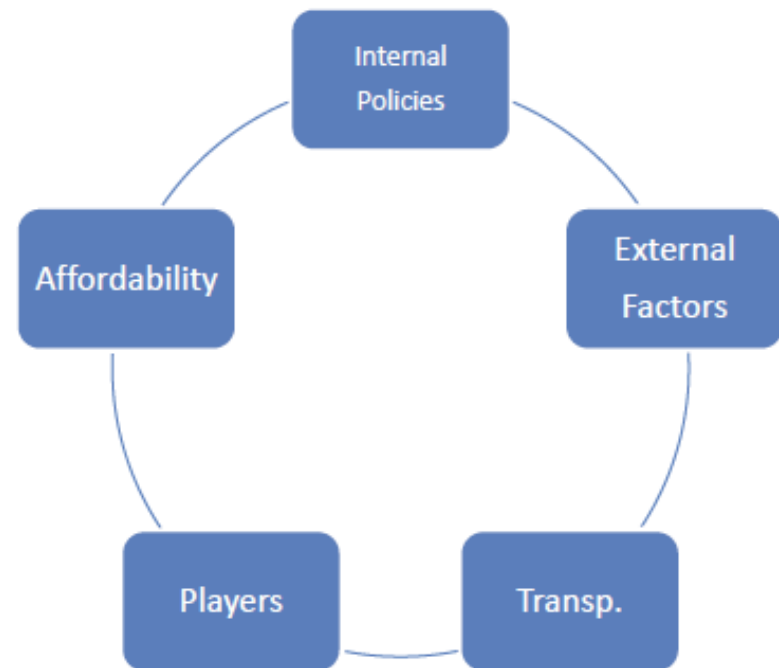


Figure 1: Major Potential blocks to Issaquah's success

FIGURE 2: The Great Economic Journey of the City of Issaquah										
The Pre-Suburban Era		Suburbanization		Employment Growth	The Time of Managed Growth			Re-Dev.		
Pre- 1945	1945-1960	1960-1970	1970-1980	1980-1990	1990-2000	2000-2010	2010-2012	2013		
Wm Pickering appt'd Gov of NW Territory by Abraham Lincoln 1861	State Ed Act on Quality schools 1945 TV takes off	Boeing's Renton workforce locates in Issaquah	Gilman Village designed and built	Bellevue's time of big growth	Realization of Aquifer and Surface water connections	The Great Recession of 2008	Building of Swedish Hospital	The Central Issaquah Plan is adopted		
Native Americans re-locate 1880's	Nike silos located on Cougar Mt	Issaquah becomes a bedroom community	Ava Frisinger shows up	Issaquah's decisions on the comprehensive plan (early 80's)	Transportation Concurrency	The By-Pass policy initiative	Bellevue College buys land	City applies for PSRC Regional Center designation		
Floating bridge opens 1940	Boehm's Chocolates opens				Costco HQ	The Dot Com Boom and Bust	Park Pointe Land Transfer			
Snoqualmie Falls Power Plant opens 1898	King County comprehensive plan promotes suburbanization	Bellevue starts its comprehensive plan that has now been realized in 2013	Logging banned on Tiger Mountain	Issaquah becomes a Retail Destination	SEPA					
				GMA						
Passenger train line to Seattle closed 1922	I-90 built during Eisenhower's administration	Metro Sewer line built	Nike Missile site converted to open space	1% Tax limit for increases on property taxes	Downtown revitalization	The TDR legislation	Lakeside DA	Major Retail Developments		
Settlers infrastructure built 1920's	Boeing, Microsoft, Tech Industries, established				Endangered Species Act	YWCA/z-Home	Snoqualmie and Muckleshoot Tribes see Issaquah as heritage site			
Salmon Hatchery founded 1937	Transition of farms to developable properties	Piecemeal development	The Big Boeing Bust (1971)	Moratorium established on all building on the valley floor	Sammamish Growth			Highlands Development	Office Building Expansion	Lake Samm. State Park
Coal mining ends 1880- 1940's	Issaquah designated as desirable suburbia			Moratorium lifted (1988)	Urban Villages policy	Major Annexation of land				
Sunset Hyway opens 1940	Cars encouraged				Microsoft arrives		Skyport replaced by Pickering Place	Sustainability concept roots	Housing Bubble	Rowley DA
	World's Fair in Seattle (1962)			Hatchery saved						
	Cheap labor, open space, dev't welcomed			Lower Iss Valley Aquifer	Trans Excise tax					
	George Rowley shows up 1954									

**SWOT Summary:** the following represents a summary of the Strengths, Weaknesses, Opportunities and Threats identified by the Commission. A more-detailed accounting may be found in the Worksheets of this Report.

<p><b>S</b> <b>Factors that give Issaquah an Advantage</b></p> <ul style="list-style-type: none"> <li>• Caring &amp; Involved, Talented &amp; Educated Community</li> <li>• Location Advantage (regional transportation)</li> <li>• Strong base of major employers (Costco, Swedish)</li> <li>• Strong education system</li> <li>• Parks &amp; Open Space</li> <li>• Nice place to live</li> </ul>	<p><b>W</b> <b>Factors that place Issaquah at a Disadvantage</b></p> <ul style="list-style-type: none"> <li>• Limited transportation mobility options</li> <li>• High cost of living &amp; doing business</li> <li>• Retail-dominated Economic base</li> <li>• Transitioning economic maturity</li> <li>• Undefined value proposition</li> <li>• Limitations of capital, land &amp; labor</li> </ul>
<p><b>O</b> <b>Factors positively influencing Issaquah's business potential</b></p> <ul style="list-style-type: none"> <li>• Growth of Swedish, Costco &amp; BC</li> <li>• Growing Puget Sound economy</li> <li>• Positive small town character</li> <li>• Smart growth policies</li> <li>• Outdoor recreation</li> <li>• Arts/Culture identity</li> <li>• Community at an inflection point</li> <li>• Influential demographic</li> </ul>	<p><b>T</b> <b>Factors that could negatively impact Issaquah</b></p> <ul style="list-style-type: none"> <li>• Growing competition from neighboring communities</li> <li>• External economic instability</li> <li>• Social/Cultural shifts to urbanization</li> <li>• Reversion to old policies</li> <li>• Shrinking Federal/State/Regional transportation budgets</li> <li>• Large Commercial vacancies</li> </ul>

Now that the City's Strengths, Weaknesses, Opportunities and Threats have been identified, Chapter 2 of this work will be to develop an economic vision for our community and potential actions aimed at addressing:

- How to leverage the strengths – the assets internal to our community that may give it an advantage in the region;
- How to remediate the weaknesses – the limitations of our size, location or existing economic base;
- How to exploit the opportunities – those factors external to the City that result from being located in a dynamic metropolitan region; and,
- How to minimize the threats – those factors outside the City that may include plans or policies of surrounding municipalities, King county, or the State.



Chapter 2

# **POLICY CONSIDERATIONS**

### Background

The Commission followed its SWOT analysis with multiple meetings discussing the blocks to achieving future economic vitality; and, the contradictions in place that would need to be overcome for us to be successful. Through these conversations, six (6) key areas were identified where the City should begin its economic development efforts. These are: City Administration, Branding and Marketing, Incentives, Workforce Training, Housing and Education, Transportation & Infrastructure, and Vibrant Community. The Commission was not afforded the time to consider and debate all of the factors that are important to bring value to our local economy. Further, the Commission did not have an opportunity to consider how these areas fit with the recommendations developed by prior City activities. Therefore, the following step (Chapter 3 of this Report) will be for the City to consider these six areas in relation to the Economic Vitality policies found in the City's Comprehensive Plan, the recommendations developed in 1996 by the Economic Vitality Task Force, and the City Council annual goals.

The following section will present a summary of each of the six (6) areas and a list of what the successes would include. A more-detailed account of each topic is included in the Worksheets Section of this report.

#### 1. City Administration

Through Commission discussions over a 3-month period, it became clear there were more unanswered questions, than those that could be answered about our businesses and local economy. To that end, the City's administrative resources must take the lead and provide a better understanding of the economic base and the future of this community. Where are the jobs? Which sectors are growing and which are declining? What are the City's primary revenue sources? What is the income distribution for Issaquah jobs? What lures businesses to this community?

Key to the success of this area will be to develop a base of data and to provide a list of indicators that can be compared with our neighboring communities. The City has taken major steps to facilitate permitting and regulatory review through its reorganization and there are more steps that can be taken. We know that updating the City's vision statement is long overdue.

Success will  
include

1. New indicators for economic development
2. Expanded and deepened professional relationships with several important regional, public, private and community organizations
3. Tightened processes
4. Reports of benefit to local companies and the City's marketing efforts

#### 2. Branding & Marketing

The Business Retention survey conducted last year and much of the Commission's conversations identified the need to develop an image for the Issaquah business community and clarify our position in the region. Key to the success of this effort will be to include a community outreach campaign and to take the information developed in this report and evaluate it against other City economic documents to see where the parallels exist, and where the outliers are.

We believe the time is now for a major initiative directed at the branding and marketing of the City as a prime location for business growth and investment. We see growing competition from neighboring communities and realize we lag Bellevue, Redmond, Kirkland and Renton in this effort. Without a clearer image, site selectors struggle with understanding the value of locating businesses in Issaquah. Gaining clarity on our position is also necessary in many of the other economic activities and policy directives that will follow.

Success will  
include

1. A new, clear and compelling image for the City's business community
2. Signs the business community has capitalized on the new brand
3. Higher visibility in the region as an employment location
4. Articles on Issaquah appearing more frequently in trade magazines, and news
5. Increase in quality business leads
6. A multi-media marketing program

### 3. Incentives

Economic development incentives, non-financial and financial, include a broad range of tools, ranging from expedited planning and permitting processes to direct or indirect funding. Incentives can come in the form of either public or private assistance and are intended to encourage the location or start-up of new businesses and the expansion of existing businesses, thereby stimulating the general economic well-being of the City. Success from incentives will allow the City to attract businesses that would have otherwise located outside the City; or, not have developed at all.

We believe the key to developing a successful incentives program will rely on developing predictable criteria that would include job creation and capital investment that could be directly attributable to the incentive offered.

Success will include	<ol style="list-style-type: none"><li>1. A suite of incentives available to benefit businesses</li><li>2. Establishment of an Innovation Think Tank spawning a 'Granville Island,' type incubator</li><li>3. Measurable job growth from start ups and target industries</li><li>4. A set of metrics that will track ROI</li></ol>
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### 4. Workforce: Housing & Education

One of the primary factors affecting the location decision for a business is access to a trained workforce. This issue can be divided into the skills and education possessed by the residents of a community and opportunities for their advancement; and, the desirability and availability of housing and educational opportunities in the community. Success in this area will be Issaquah's ability to competitively compete for businesses with its peer cities.

### Housing

If employees cannot afford to live in the communities in which they work or if there is not an adequate supply of housing, then they are forced to endure long commutes which are harmful to the environment and limit time spent with family and pursuing other interests. If access to affordable housing is an issue, some decide to leave the area, impacting employers who are unable to hire and retain the workers they need to sustain and grow their businesses. According to the findings of the 2102 Business Retention Survey, housing affordability was ranked as the number one issue by employers to recruit and retain employees. If the City wishes create a desirable place for businesses to locate and grow, there must be adequate workforce housing available in the community or within a reasonable commuting distance.

### Education/Training

We understand that in many ways the success of a company depends on the strength of its workforce or its human capital. Finding and developing our human capital is especially critical in this global economy where workforce needs are ever changing. By bringing together business, education, and the community around the common purpose of improving the competitiveness of a community's workforce, the City will position itself to attract more business opportunities.

Success will include	<ol style="list-style-type: none"><li>1. Development of new, affordable housing units</li><li>2. New workforce training certificate programs that link to the needs of the local industries</li><li>3. New &amp; realistic incentives for housing developers to build affordable housing</li><li>4. An active business/education roundtable with a successful track record and very active leadership</li><li>5. Increased number of employees that live in the city</li><li>6. Businesses choose Issaquah based on access to "talent"</li></ol>
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## 5. Transportation & Infrastructure

Transportation is one of the most determining factors for where economic activity can be. Industries need to have access to raw materials and distribution networks. Residences require access to work in the city. And, businesses will develop wherever the transportation system can accommodate their needs, traditionally around interstates, rail centers and corridors connecting communities.

Commercial areas require access to high volumes of people to have enough demand to make a store worthwhile, and prefer locations where traffic is high. Improving access will allow businesses to capture a larger geographic area, and interrupting it will have to opposite effect, reducing productivity and profit. Traffic congestion, then, is a problem worth taking seriously.

Concerns over transportation topped the City business retention survey and feedback in 2012. On-going interviews in 2013 have confirmed that Issaquah businesses are concerned over mobility. We believe the City needs to adopt a long-range approach to transportation issues to ensure the long-term sustainability of our economy.

### **Success will include**

1. Easier movement within the City limits
2. A sustainable funding scheme for continually improving the internal infrastructure for mobility (bike ways, paths, pedestrian areas, etc.)
3. A bigger presence within State transportation policy circles
4. A enhanced status with WSDOT, reflected in State policy alignment with CIP intentions
5. A widely supported long term and practical transit plan for the City
6. New I-90 crossing

## 6. Vibrant Community

A vibrant community is a diverse and inclusive place where people and businesses collaborate and prosper. It is a place where a compassionate community leads to an abundance of opportunities to help everyone reach their true potential and is the home to many engaging businesses, parks, museums, and public places filled with members of the community. Certain businesses seek out vibrant communities to locate.

Part of a vibrant community is having a strong arts and cultural industry. The experiences and products that grow out of our artists and cultural heritage are an essential component of a healthy and vibrant economy. They produce direct economic benefit—jobs, a stronger tax base, downtown and neighborhood revitalization, and tourism revenue. Equally important is their role in attracting and retaining the people and businesses essential to our ability to compete in an economy that looks to emphasize knowledge, creativity and innovation.

Safe parks and recreational opportunities are another component of a vibrant community. Desirable cities offer their residents opportunities for outdoor activities. Parks and recreation facilities are important to communities as they provide residents with a better quality of life, increase property values, attract tourists, improve air and water, and offer locations for community gatherings.

### **Success will include**

1. A thriving cultural and arts calendar of year long activities
2. Increased activity and people using the State park
3. Growing retail sector in support of outdoor recreation activities
4. Many more community festivals and celebrations happening
5. Growing reputation for fun and recreation amongst the younger adult demographic



The policy considerations that have been developed in this second chapter do not represent the endpoint of this journey. The next step (Chapter 3), will be conducted by City staff. Their task will be to look at the prior policy direction established by the City Council through their annual goal setting; examining the policies contained in the Economic Vitality Chapter of the Comprehensive Plan; and, from the recommendations developed in 1996 from the Economic Vitality Task Force appointed by the Mayor.

# Worksheets

(The following worksheets were developed by the Commission during their deliberations



Red text denotes the most pressing threats

Perceived Threats to Economic Development in the City of Issaquah						
<div>The resource limitations of capital, land and workforce threaten all economic development in Issaquah</div> <div>A</div>	<div>The growing competition from neighboring communities threatens the strength of the existing employment base</div> <div>B</div>	<div>The changing and unpredictable external economic influences threaten and challenge the City's revenue stability</div> <div>C</div>		<div>The City's healthy demographic mix is threatened by the cultural shifts towards living in close proximity to work sites</div> <div>D</div>	<div>The Loss of focus on flexible and future oriented economic development policies threatens development</div> <div>E</div>	<div>Shrinking regional transportation budgets threaten access and further business development</div> <div>F</div>
Access to capital very limited for small businesses A1	Development costs are not an advantage B1	No external push driving econ development and businesses to Issaquah C1	Insufficient school funding C2	Urbanization challenges D1	D.A./CIP not agile enough E1	I-90 tolls will increase costs of travel to and from Issaquah F1
Entrepreneurship suppressed by absence of capital A2	The Bel-Red Corridor development B2	Health care industry uncertainty C3	Economic recovery is slow C4	Shift toward shorter commutes D2	Isolationist mentality E2	Mass transit could get much worse F2
Perception that access to needed talent may be limited A3	Emergence of North Bend and Snoqualmie B3	Microsoft and Boeing uncertainty C5	Future growth of Seattle uncertain C6	Trend back to Seattle & Bellevue downtown as place to live D3	Change in City Leadership E3	Possible new METRO and DOT budget shortfalls F3
Absence of 'the cool factor' to attract entrepreneurs A4	Competition from Bellevue, Redmond Kirkland all with equally compelling sagas B4	Decreasing access to money for both Government and Businesses C7	Global economic exposure C8	Harder to find support for non-profits D4		
	Large Bellevue Development capacity B5	State's fiscal crisis C9	Ports success and access not coordinated C10	The reliance on out-dated policies and regulations E4		
		King County tax decisions affect Issaquah economic growth C12	Our major employers are prospecting for best locations C11			

Red text denotes the 'key' opportunities

Perceived Opportunities for Economic Development in the City of Issaquah						
Issaquah's strong education sector fosters vitality and attracts an influential demographic	The City's organized focus on large economic drivers by forming the Economic Development Department and the EVC	Issaquah benefits from the regional spin-offs from being part of a prosperous region	Issaquah's character attracts the entrepreneurial and innovative demographic – necessary for healthy economic development	Land use and economic development policy is a tool for attracting and maintaining businesses	The Outdoor recreational amenities appeal to a demographic for sustained economic development	The growing Arts and cultural hub fosters an innovative business community
A	B	C	D	E	F	G
Bellevue College locates in Issaquah A1	Expansion of Swedish & Providence Hospitals B1	Potential new Sonics Sports C1	I-90 Bridge Tolls (?) D1	Regional economic development partnerships E1	Base-camp for region's outdoor recreation (ski, bike, paragliding, hiking & lake) F1	Arts/cultural hub G1
		The capital rush to the region C2	Main/Front Street D2			
Issaquah's Schools Foundation A2	Growth of T-Mobile B2	Presence of the 'Wiserg,' C3	Trend to small town life style (no commute) D3	Urban concentration enablement E2	Lake Sammamish State Park F2	Village Theater G2
Issaquah School District A3	MSN property and other areas offer large scale development B3	Sector specific business recruitment (healthcare, Technology, Life Sc, Med Manf, Innovative sector, retail C4	We are creating an experimental hub – a 'there, there,' D4	Light rail arrives Finally E3	Tourism F3	The Art Fest G
	Issaquah Highlands Growth (Swedish and MSN) B4	Innovation rich region C5	Farmer's market D5	Lake side Industries Development Agreement E4	Increasing popularity of Outdoor recreation F4	Art by fire G4
		Asian Trade C5	Talk of a new county for the greater eastside D6			Salmon Days G5
	Costco expansion B5	E.WA trade business relationships C6	The 'anti-City of Bellevue,' mood D7	Progressive development models E5		Boehms Chocolates G6



The Current Weaknesses in the City of Issaquah that may impede the Expansion & Improvement of the Economic Climate.				
Mobility options are limited by the geography, lack of funding and state & City transportation policies  A	The high cost of living & doing business in Issaquah relative to the size of its market are disincentives to locate in town  B	The undiversified economic base limits employment opportunities  C	City's economic maturity is in the transition between 'youth' and 'adulthood.'  D	The 'value-proposition' to locate a business in Issaquah has not been packaged and sold.  E
Dependency on I-90 A1	The Business advantage of locating in Issaquah is unclear B1	75% of the jobs are retail and service-based C1	Few attractions for generation Y (nightlife, restaurants, local density) D1	'Strip mall-ish' image, a small commercial sector and few aesthetics E1
Inadequate North and South public transport links to neighboring cities A2	The cost of doing business is high B2	Retail Cannibalism C2	Community's limited understanding of the impacts of not changing D2	There is an inconsistency in the identity of Issaquah E2
Insufficient parking for retail and for commercial needs in Front Street A3	The incongruity between land use and the transportation system B3	Reliance on inbound retail C3	Absence of an external push (to development/action) and a weak pull (internal motivation) encourages inertia D3	'Future economic possibilities are yet to be defined and embraced E3
The incomplete circulation system of trails and bike paths A4	The dearth of sufficient high paying jobs B4	Not quite at critical mass of the # of major employers C4	Tricky public processes (permitting etc) D4	Blindness to development opportunities east of the city E4
Clogged roads within the city reduce the quality of life A5		Retail sales per capita is much greater than nearby communities C5	No actionable business development plan D5	Too near for tourism and too far for major employers E5
Regional traffic impacts on local streets A6		The flight of major employers C6	A disjointed and uncoordinated approach to economic development that includes ongoing regional economic research D6	Marketing & outreach must address distance mis-perceptions – out there E6
		Limited entrepreneurial support structures C7		
		The narrow employment base of the local economy C8	Under developed public and private alignments of interests and policies D7	City's self image needs a do-over E7

The Current Strengths in the City of Issaquah that can support the Expansion & Improvement of the Economic Climate.					
Many in the community care and are involved in civic affairs  A	The high concentration of talented and highly educated people  B	No other community has the location advantages of Issaquah  C	Issaquah is a nice place to live  D	Issaquah is at an inflection point with the opportunity to grow  E	
Salmon Days A1	The multicultural aspect of the community B1	Lake access and the State Park C1	Strong school & Higher Education system D1	The City Government is financially sound E1	
Issaquah has a rich history A2	The medical and business concentration of talent is growing B2	The proximity to recreational opportunities C2	Presence of urban village and many family-friendly neighborhoods D2	There is an ample supply of development opportunities E2	
Violent crime are nearly non-existent A3	The presence of global industry leaders (e.g., COSTCO, Sanmar) B3	The proximity to the large economic engine of Seattle/Bellevue C3	The 'middle-aged playground' factor D3	With the C.I.P. there is a road map to the future E3	
Many people volunteer to help with civic events A4	The seeds of innovation exist (talent, technology, time to create) B4	Unique rural/suburban proximity to Snoqualmie and North Bend C4	The growing arts/cultural scene D4	The community is growing E4	
	The Brains Trust demographic in Issaquah (CEOs, other senior leaders) B5	The mostly unspoiled ecology (water, forest, mountain) C5	Strong housing stock with many cohesive and well defined neighborhoods D5	The 'Issaquah brand' is ripe for development E6	
		I-90 – a Gateway to the Mountains and Seattle C6	Small size encourages families and helps foster 'connectedness.' D6		
		Attractive surroundings C7			
		Beautiful City environment C8			

## The Imperatives (4/17/13)

### At the intersection of Strengths & Opportunities:

1. Create a brand that communicates the character and vitality of Issaquah for Business  
(character, location, I-90, east, smart people, spin offs)
2. Create Issaquah development zones with incentives for entrepreneurs and small business  
(program, tax, marketing, business advantage)
3. Reach out to start up businesses, encouraging them to move and grow in Issaquah
4. Reach out to top Issaquah employers including property and building owners, to ensure their needs are met

### At the intersection of Threats & Weaknesses:

1. Create a vision and branding for Issaquah that illustrates our competitive advantage over neighboring communities.
2. Institutionalize economic development among the City staff and business processes.
3. Effectively communicate economic development strategies both internally within Issaquah and externally in the surrounding region.
4. Propose that the City use its bonding capacity for one or two catalytic infrastructure projects like one for improving transportation.

The Underlying Contradictions	Blocks to Achieving the Vision					
The current market forces do not support or work in favor of the desired vision  A	No industry leader to foster the innovation business cluster  A1	Development and redevelopment costs are too high  A3	Limited employment opportunities  A5	Economic obstacles caused by legacy buildings & absentee owners  A7	Current strip mall image  A9	
	Imbalanced development (housing & retail)  A2	The vulnerability of the city in the most recent economic downturn  A4	Trade-off for \$ real estate incentives  A6	City officials and regulators are disconnected from the market  A8	City has difficulty keeping pace with market shifts  A10	
There is no sustaining long-term funding model to implement the Central Issaquah Plan  B	Limited public support for transit  B1	State's continuing failure to support education  B2	Local entertainment 'spots,' are too widely spread across the city  B3	The F.A. Ratio does not affect affordable housing  B4	The natural conflict between regulations and site economics  B5	Unresolved parking and traffic congestion B6
						Inherent challenges in developing the state park B7
Public Sector and business leadership does not understand or commit to the vision  C	Business does not usually invest time to align its interests and needs with the Education sector  C1	There is limited 'buy-in' to the EVC vision from the Business Leadership and local community  C2	Business and Education leadership are not working together  C3	Competition for and resistance to public sector investment  C4	The existing demographic of Issaquah does not create demand for the future vision  C5	
The absence of a long term, strategic business retention program in Issaquah  D	No incentives to sustain new businesses over time  D1	No fundamental and integrated plan for business retention  D2	Few resources provided at the right stage of business development  D3	City only helps with start-up and not long term development costs  D4		
No Agreement has been reached on a balanced financial plan at a state and county level  E	Insufficient funding for Affordable Housing  E1	The Regional Vision for Transportation does not support Issaquah's goals  E2	The Pressure of a range of economic models  E3	State and Local Government funding priorities are not aligned with each other  E4		

Vision: A Economically Vital Issaquah							
(1) Towards Sustaining a High Quality of life for all residents		(2) Towards an Innovative and Vibrant Business Sector that honors the cultural and core values of the Community				(3) Towards Strong Foundations for Economic Development	
Community Growth is sensitive to the aesthetics & the environment  A	A Healthy balance of single & multi family, urbanized & mixed use development  B	New Business Developments & Support systems are integrated with new business innovations  C		All re-developments – economic and community-based, enhance the cultural richness of the City of Issaquah  D		Efficient & Well Integrated Transportation system  E	The Business and Education sectors are well integrated  F
Consistent aesthetics for Downtown and all roads  A1	City population settles at 60,000  B1	City has a new anchor industry linked to Bellevue College  C1	Four or Five more diverse corporate H.Q.s  C6	New restaurants and retail outlets on Front Street/Downtown D2	Hiking/Biking trails are more widely used, better linked & marked D6	Light rail link to North Bend & circulator to Bellevue E1	Bellevue College in Issaquah has strong STEM offerings F1
Small town charm & connections are very obvious  A2	Affordable Housing is at core of Mixed-use development  B2	Large support services network for anchor industry  C2	Issaquah is the hub for smartest, brightest intellectual ventures  C8	Night life is boosted by anchor industry and college  D4	New pedestrian mall on Front Street  D7	New Trolley system E2	K-12, Bellevue College (BC) curricula are well connected with the Anchor Industry F2
						New bikeways – ½ local trips on bikes E3	
Very low per capita energy consumption A3	More residents can live and work in Issaquah B3	A ‘Granville Island’ type incubator is established C3	R&D for Outdoor Recreation Industry C7	Gillman Village is thriving D3	A vibrant culture scene spreads into Central Issaquah D8	North Issaquah UID completed under budget E4	Bellevue College in Issaquah has a fully developed campus and a big focus on job preparation programs that link to local employment opportunities F3
Automobiles still present A4	A high percentage of people live and work from home B4	A new high tech corporate campus in the Highlands C4	New family-wage jobs support businesses C9	Several new and bigger hotels D1	City is known as a ‘fun & hip, place to live and visit D9	North/South Issaquah connected E5	
City’s 2030 Carbon Reduction Goals are all on track  A5	City has multiple and great neighborhoods  B5	The Issaquah Innovation Think Tank  C5	A ‘Pill Hill’ – type sector becomes core  C10	Water front restaurants on Lake Sammamish  D5	City is a base-camp for weekend warriors  D10	Transit works – internal/external E6	
						Rapid Transport on I-90 corridor E7	
				State Park is greatly developed & a First Class facility D11		Improved Ingress and Egress E8	

## Policy Considerations

Category	Policy Direction
<b>City Administration</b> (ED Department)	<ol style="list-style-type: none"> <li>1. Adopt a set of Economic Indicators that can be used to track the Economic Vitality of the City and the health of our economy.</li> <li>2. Initiate an internal review of the Change of Use process to ensure it is as time and cost efficient as possible.</li> <li>3. Provide comparison of Issaquah fees/taxes and cost of doing business in comparison with peer cities.</li> <li>4. Strengthen ties with regional partners (Economic Development Council of Seattle and King County, PSRC, Dept of Commerce, etc.).</li> <li>5. Incorporate these 2013 recommendations from the EVC into the 2014 Comprehensive Plan Amendments to be added to the EV Chapter.</li> <li>6. Maintain an inventory documenting the supply of land and/or space for commercial or retail uses.</li> </ol>
<b>Branding/Marketing</b> (ED Department)	<ol style="list-style-type: none"> <li>1. Determine Issaquah's place in the region to key on regional business opportunities</li> <li>2. Determine businesses mix that fits the Issaquah vision.               <ol style="list-style-type: none"> <li>a. Pursue economic development strategies and businesses that take advantage of the City's natural setting and will maintain or improve environmental health.</li> </ol> </li> <li>3. Strengthen and evolve the City's BRE Program.</li> <li>4. Fund a marketing and branding program in 2014 to clarify and increase Issaquah's presence in the region.</li> <li>5. Provide resources to assist with implementation of the community Tourism objectives.</li> <li>6. Actively pursue businesses to reduce retail leakage.</li> <li>7. Develop a buy local program.</li> </ol> <ul style="list-style-type: none"> <li>• Consider incorporation of a program to distinguish &amp; celebrate the different "neighborhoods" within the City.</li> <li>• Consider the inclusion of a "Made in Issaquah" store on Front Street</li> </ul>

## Policy Considerations (cont.)

Category	Policy Direction
<b>Incentives</b>  <i>Attention: Services and Land &amp; Shore Committees</i>	<ol style="list-style-type: none"> <li>1. Allow <u>Fee Deferrals</u> until occupancy for projects supporting the City's EV goals.</li> <li>2. <u>Catalyst Project</u>: City partner with property owner/developer/business to create permitting and regulatory advantages.</li> <li>3. Create an <u>Innovation &amp; Entrepreneur Program</u> and provide incentives for business start-ups.</li> <li>4. Establish or facilitate the growth of a <u>Capital Investor Community</u> in Issaquah.</li> </ol>
<b>Workforce</b>  <i>Attention: Services Committee</i>	<ol style="list-style-type: none"> <li>1. Partner with BC, YWCA, Workforce Development Council and employers to start an in-City <u>Workforce Training Program</u>.</li> <li>2. Develop a <u>Workforce Housing Plan</u> (location, size, funding sources) for the CIP area including incentives and/or land to facilitate achievement of the City's housing goals.</li> <li>3. Create an <u>Issaquah Educational Roundtable</u> including BC, ISD, private educators, interested parties, employers, and the City to promote educational excellence.</li> </ol>
<b>Transportation &amp; Infrastructure</b>  <i>Attention: Infrastructure Committee</i>	<ol style="list-style-type: none"> <li>1. Conduct an updated Citywide <u>Transportation and Transit Needs Assessment</u> identifying missing links, considering: <ol style="list-style-type: none"> <li>a. intra-city mobility; and,</li> <li>b. Facilitating neighborhood livability and business growth</li> </ol> </li> <li>2. Develop a <u>Transportation Infrastructure Funding Strategy</u> to increase the City's commitment to constructing improvements. Consider: <ol style="list-style-type: none"> <li>a. increasing property taxes by a minimum of 1% per year and dedicating these funds to increase transportation funding; and/or,</li> <li>b. taking advantage of unused municipal bonding capacity; and/or,</li> <li>c. increasing priority of EV/job creation in TIP criteria; and/or,</li> <li>d. finding other dedicated sources of revenue.</li> </ol> </li> </ol>



## Policy Considerations (cont.)

Category	Policy Direction
<b>Transportation &amp; Infrastructure (cont.)</b>  <i>Attention: Infrastructure Committee</i>	<ol style="list-style-type: none"> <li>3. Continue to provide additional resources to <u>Lobbying</u> efforts in Olympia focusing on transportation gains.</li> <li>4. Identify key projects and potential funding for non-transportation <u>Catalyst Infrastructure</u> for the CIP.</li> </ol>
<b>Vibrant Community</b>  <i>Attention: Services Committee, w/ #6 to Land &amp; Shore</i>	<ol style="list-style-type: none"> <li>1. Grow the existing <u>Arts/Cultural</u> opportunities within our community. Consider:               <ol style="list-style-type: none"> <li>a. cultural asset mapping;</li> <li>b. funding a full-time Arts Coordinator;</li> <li>c. planning for a future public music venue.</li> </ol> </li> <li>2. Promote and incent additional recreational and business opportunities at <u>Lake Sammamish State Park</u> and develop a plan to improve the presence of the park in the community. Consider:               <ol style="list-style-type: none"> <li>a. wayfinding signage;</li> <li>b. edges – improving the visibility into the park; and,</li> <li>c. penetrations – both vehicular and non-vehicular</li> </ol> </li> <li>3. Improve access and usability of outdoor recreational and <u>Natural Amenities</u> of our community. Consider:               <ol style="list-style-type: none"> <li>a. increased signage;</li> <li>b. additional trail heads;</li> <li>c. trails for all abilities and ages.</li> </ol> </li> <li>4. Invite additional <u>Festivals</u> to town to promote our assets including cultural diversity of the community.</li> <li>5. Encourage/promote more young-adult activities and <u>Entertainment</u> opportunities. Examine permitting regulations and ordinances (IMC) as stumbling block.</li> <li>6. Update the City's Vision statement every 5 years to ensure periodic self-evaluation and a check against losing what's important to the community.</li> </ol>





# INDUSTRY CLUSTER PROFILE

*JANUARY, 2015*





*Community Attributes tells data rich stories about communities  
that are important to decision-makers.*

Principals: Chris Mefford  
Alison Peters

Analysts: Erin Gengo  
Mark Goodman  
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[www.communityattributes.com](http://www.communityattributes.com)

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4 Business and Industry Perspectives	36
5 Cluster Strategies	44



Source: Pauldorpat.com

**cai** community  
attributes inc.

# INTRODUCTION AND APPROACH

## Introduction

### Background and Purpose

The City of Issaquah commissioned Community Attributes Inc. to conduct an analysis of economic data in order to better identify strategic targeted sectors for business recruitment.

Our approach is divided into three phases. The first phase assembles a baseline of information and analysis to inform an understanding of Issaquah's economic assets, challenges, as well as near and long term opportunities.

The second phase involves interviews with key business and community leaders to understand perceptions of business and economic vitality in Issaquah, workforce development issues facing employers, and Issaquah's opportunities and challenges. This report represents Phases I & II.

The third phase involves a collaborative process of refining a strategic vision to develop preliminary strategies and action steps.



Source: Trulia.com

# INTRODUCTION AND APPROACH

## Methods

The approach to this work leverages CAI's extensive experience in economic and demographic analysis. Supplementing this analysis is a detailed review of the City's existing industry clusters, major employers and overall presence in the local economy as well as forecasted industry and occupational growth in King County.

The analysis draws from data compiled specifically for the report, including:

- U.S. Census and Bureau of Labor Statistics data
- CoStar real estate data
- King County Assessor parcel data
- Puget Sound Regional Council population and employment forecasts
- Feedback from in-depth interviews

## Organization of this Report

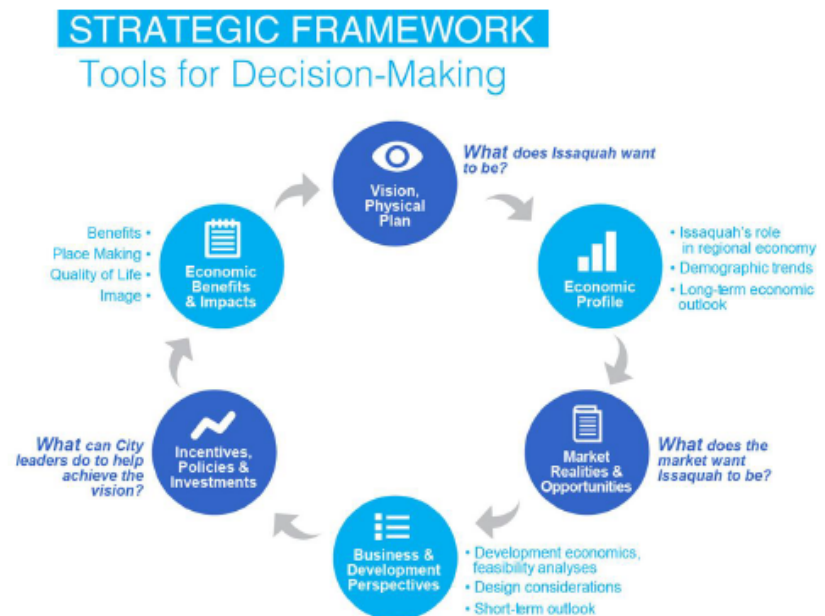
- **Population and Demographics.** Detailed analysis of the city's demographics as they relate to economic development.
- **Existing Employment and Industries.** Identification of top employers and industry sectors in Issaquah, change over time, and comparisons to the region.
- **Industry Growth.** Industry and occupational forecasts for King County, sector and occupational wages and openings.
- **Business and Industry Perspectives.** In-depth interview findings by theme.
- **Cluster Strategies.** Strategic development of industry clusters in Issaquah.



*Look for guiding questions related to the analysis and future cluster strategies*

## Our Approach

The graphic below serves as an overall framework for collecting, analyzing and evaluating data that describes the City of Issaquah. The framework provides a focused effort that describes not only the people that live and work in Issaquah, but what they do and how they get there. The strategic framework allows Community Attributes to fully understand the factors that influence a city, residents and businesses that choose to be located there.



Sources: Community Attributes, 2014.



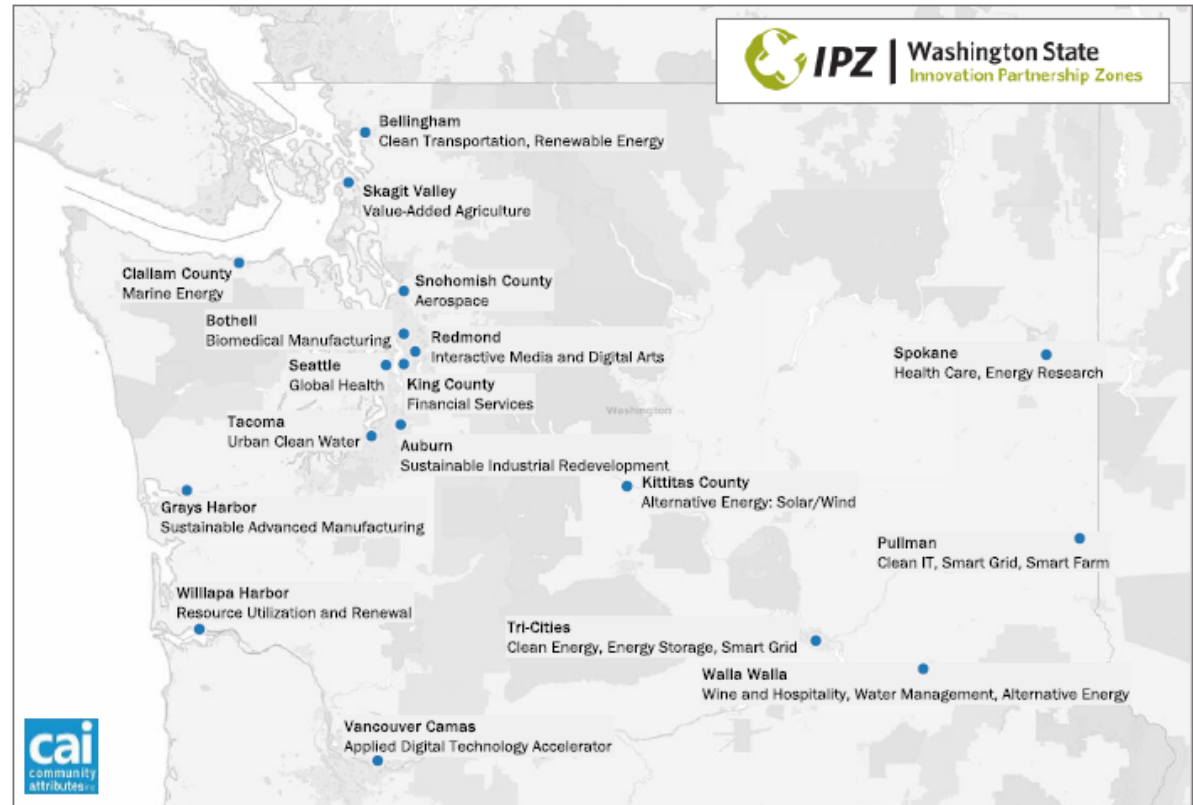
# INTRODUCTION AND APPROACH

## Background: Innovation Partnership Zones

The City of Issaquah is considering pursuing the designation of an IPZ as part of its economic development strategy. Exhibit 1 displays IPZs across the State of Washington by title of IPZ, which span from energy, to interactive media, and wine and hospitality.

There are 15 IPZs in Washington with the strategic goal of Retaining, growing and attracting businesses by improving and communicating Washington's competitive advantages. An IPZ offers a city/region the opportunity to position itself as a location to locate or grow a business in partnership with research, workforce training and other partners. In the past, IPZs have received funding in the form of capital grants in amounts ranging from \$250,000 to \$5 million. Though state funding is not currently available, designation of an IPZ positions the cluster well for federal funding.

**Exhibit 1. IPZ Locations: Washington, 2013**



Source: Washington Department of Commerce, 2014; Community Attributes 2014.



# 1. POPULATION & DEMOGRAPHICS



ISSAQUAH SALMON DAYS

Source: [Seattlepi.com](http://Seattlepi.com).

# 1. POPULATION & DEMOGRAPHICS

## Introduction

This section of the report explores Issaquah's population and demographics, as compared to similar neighboring cities and Eastside communities as a whole. Issaquah's population is forecast to grow faster than King County's population as a whole between 2000 and 2030 (2.6% annualized growth in Issaquah compared with 1.0% growth in King County during that time). Like other Eastside cities, Issaquah is affluent, but it has a smaller household size than any other Eastside city or King County. Demographic and growth trends can help the City of Issaquah better understand how to plan for future sectors for recruitment.

## Organization of this Section

- **Population Growth, Issaquah and Region, 2000-2030 (Forecasted)**
- **Average Household Size, Issaquah and Region, 2012**
- **Median Annual Household Income, Issaquah and Region, 2012**
- **Annual Household Income Distribution: Issaquah and King County, 2012**
- **Housing Type, Issaquah and Region, 2012**
- **Median Housing Values, Issaquah and Region, 2012**
- **Housing Tenure, Issaquah and Region, 2012**
- **Jobs to Housing Ratio, Issaquah and Region, 2000 and 2012**
- **Place of Residence for City of Issaquah Workers, 2011**
- **Place of Employment for City of Issaquah Residents, 2011**
- **Inflow & Outflow of Eastside Cities, 2011**

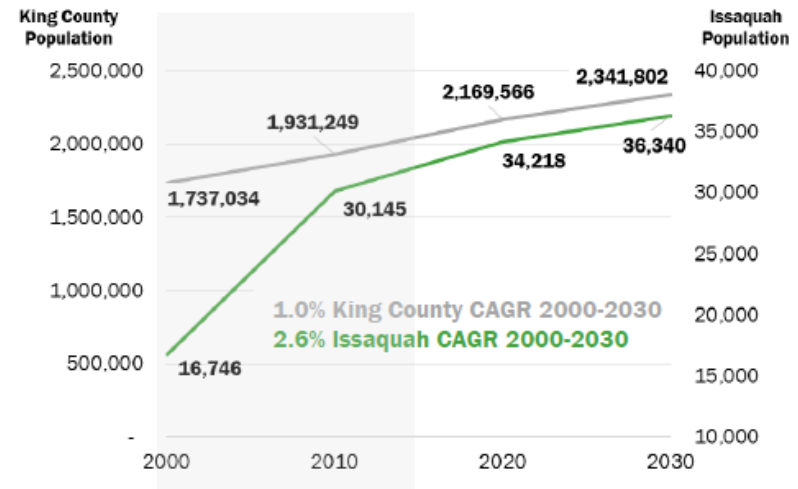
# 1. POPULATION & DEMOGRAPHICS

Population in Issaquah is forecasted to grow at a faster rate than King County as a whole between 2000 and 2030 (Exhibit 2). Puget Sound Regional Council (PSRC) forecasts 2.6% population growth on an annualized basis in Issaquah between 2000 and 2030, compared with a 1.0% annualized growth rate during the same time period for King County overall. Issaquah did annex approximately 1,890 acres between 2000 and 2010, with an increase of about 6,200 people.<sup>1</sup> Two new urban villages—Issaquah Highlands and Talus—have been the site of much of the development and growth.

As part of its VISION 2040 long-range growth framework, PSRC designates certain cities in Puget Sound as **regional growth centers** to accommodate a significant portion of regional residential growth. By absorbing population, regional growth centers help insulate natural resource lands from development pressures as well as providing focus for public investment. Issaquah received status as an Urban Center in 2013, which calls for 7,185 new residential units and 27,565 new jobs for the City by 2040.

<sup>1</sup> Source: Washington Office of Financial Management, 2014.

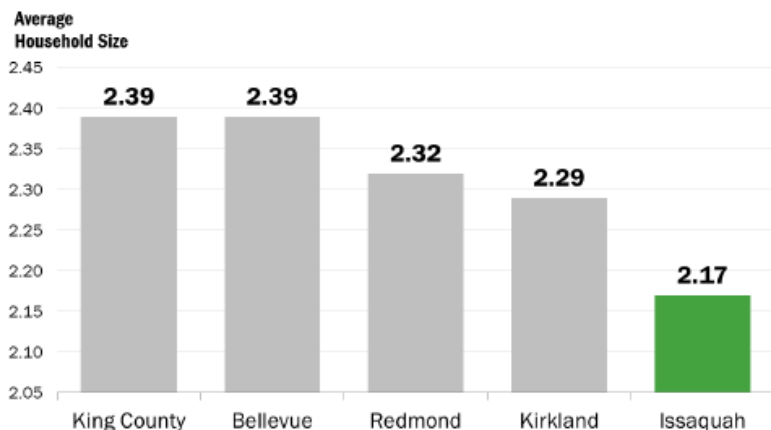
**Exhibit 2. Population Growth, Issaquah and Region, 2000-2030 (Forecasted)**



Sources: Community Attributes, 2014; WA Employment Security Department, 2014; PSRC, 2014.

# 1. POPULATION & DEMOGRAPHICS

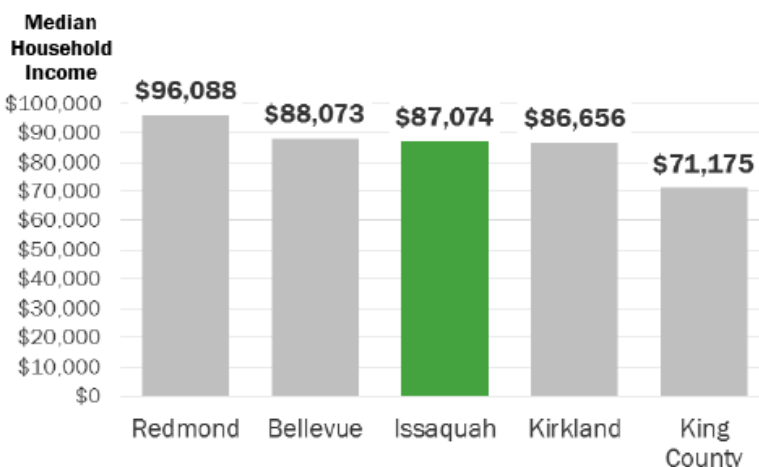
**Exhibit 3. Average Household Size, Issaquah and Region, 2012**



Source: Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.

Issaquah has the smallest average household size when compared to neighboring cities of Bellevue, Redmond, and Kirkland, or King County (Exhibit 3). The city has an average of 2.17 people per household, compared to Bellevue which has the highest average, with 2.39 people per household.

**Exhibit 4. Median Annual Household Income, Issaquah and Region, 2012**

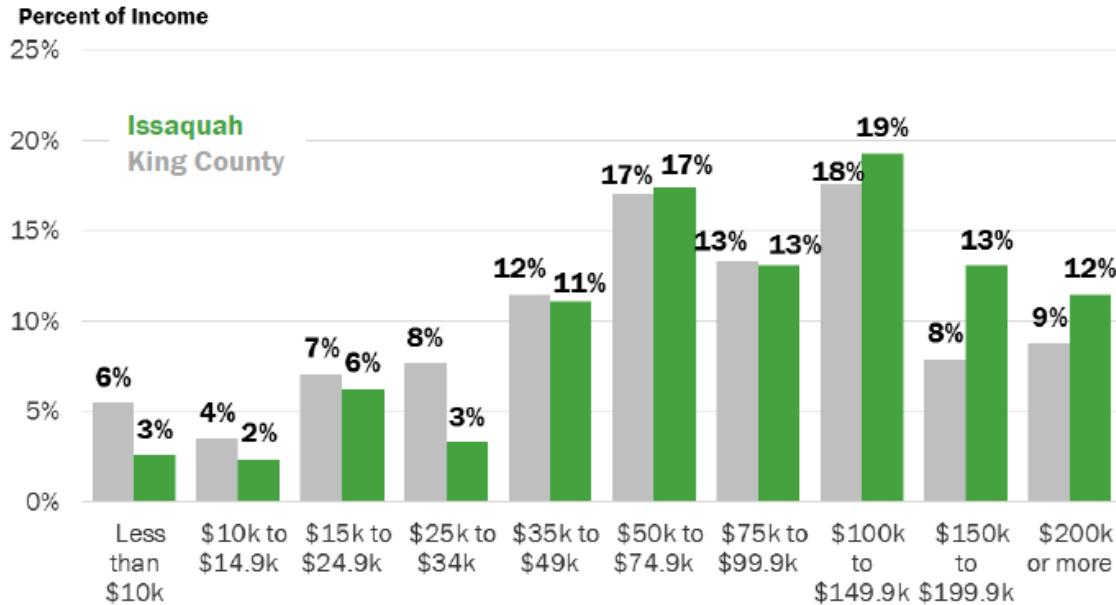


Source: Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.

Perhaps because of the smaller household size, median household income in Issaquah in 2012 was \$87,074, higher than Kirkland, but lower than both Redmond and Bellevue. Household income is often the total of income from multiple earners in the household. Still, Issaquah and neighboring cities have yearly household income that is much higher than the King County average for 2012 of \$71,175, with Issaquah's annual household income over \$15,000 more than the King County average (Exhibit 4).

# 1. POPULATION & DEMOGRAPHICS

## Exhibit 5. Annual Household Income Distribution: Issaquah and King County, 2012



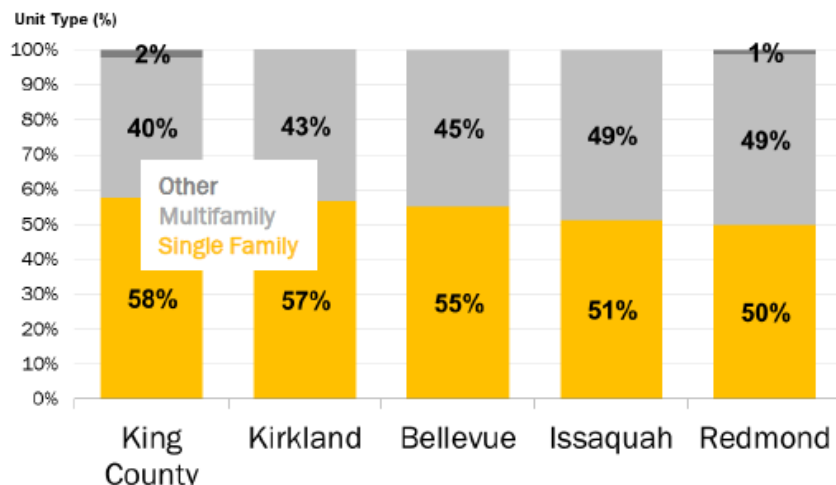
Source: *Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.*

Issaquah is generally affluent and King County has a larger share of residents making lower and middle-class incomes than does Issaquah. Exhibit 5 shows the distribution of Annual Household Income in 2012 in Issaquah alongside that of King County; the largest share of income belongs to those residents making \$100,000 to \$149,999 a year. The majority of Issaquah residents do not work in the city itself (Exhibit 10), so this distribution reflects data from residents who commute outside to other employment centers.



# 1. POPULATION & DEMOGRAPHICS

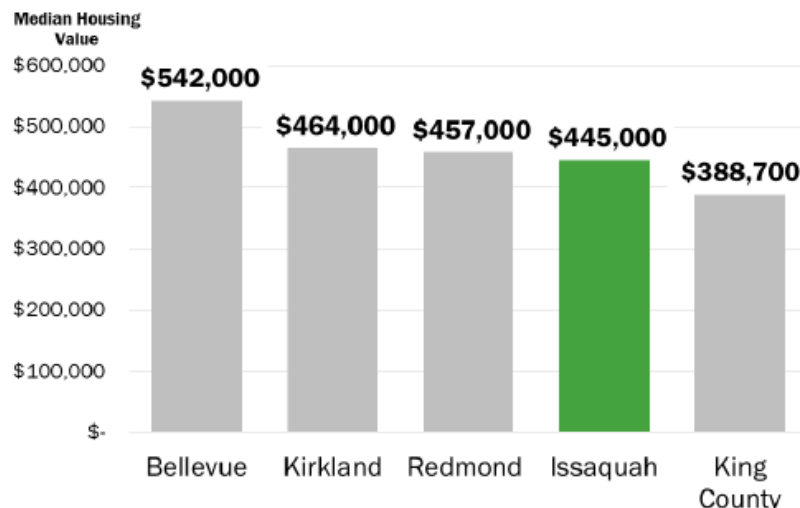
**Exhibit 6. Housing Type, Issaquah and Region, 2012**



Source: Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.

Issaquah is tied with Redmond in terms of share of multifamily housing, with both cities having a nearly even split of multifamily to single family housing (49%) (Exhibit 6). This is relatively high for suburban cities. Both Bellevue and Kirkland have a smaller share of multifamily housing—approximately 6% less. The majority of residential capacity is in mixed-use zones such as Downtown and Central Issaquah, which indicates an increase in housing choice diversity in the near future. Housing mix, quality, and affordability is an important consideration in how companies attract their employees.

**Exhibit 7. Median Housing Values, Issaquah and Region, 2012**

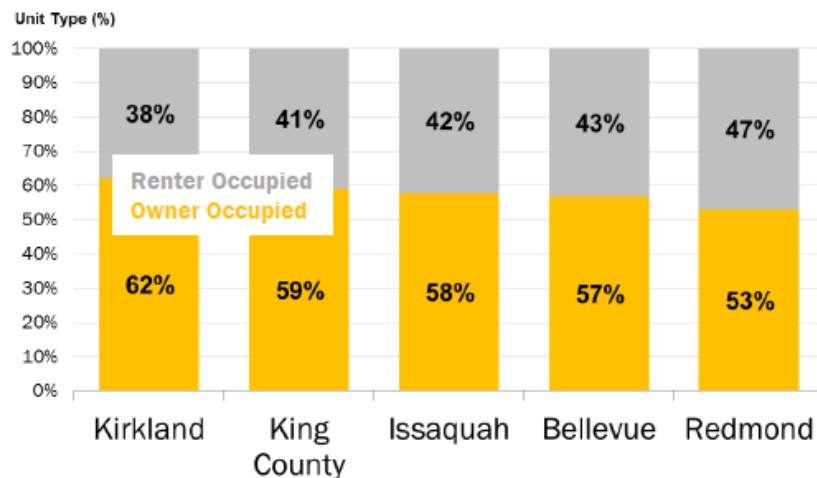


Source: Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.

Issaquah housing value is lower than either Bellevue, Kirkland, and Redmond, but these cities are relatively affluent when compared to King County as a whole (Exhibit 7). King County's median housing value is \$56,300 less than that of Issaquah.

# 1. POPULATION & DEMOGRAPHICS

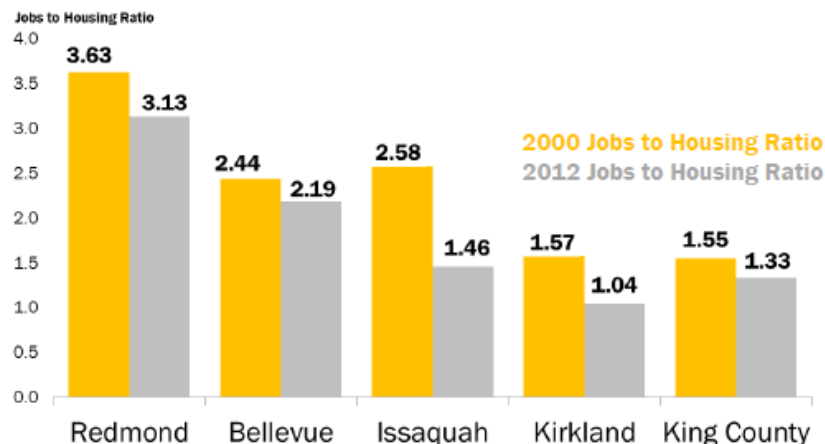
**Exhibit 8. Housing Tenure, Issaquah and Region, 2012**



Source: Community Attributes, 2014; U.S. Census Bureau American Community Survey, 2014.

From 2006-2012, the City of Issaquah gained single family and multifamily units in approximately equal numbers. Issaquah has more renter occupied housing than Kirkland but less than either Bellevue and Redmond (Exhibit 8). Developing a diversity of housing options (including rental housing) is essential in enabling lower wage workers to live in Issaquah.

**Exhibit 9. Jobs to Housing Ratio, Issaquah and Region, 2000 and 2012**



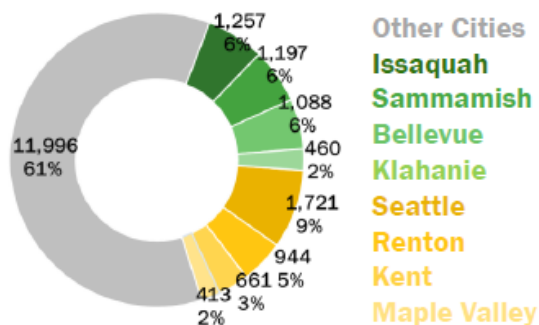
Source: Community Attributes, 2014; WA Office of Financial Management, 2014.

The jobs-to-housing ratio illustrates whether a city is an employment center, bedroom community or mix of both. It serves as a good measure in evaluating a city's role in the regional economy. Major suburban employment centers like Redmond and Bellevue have high ratios, while many smaller suburban communities that serve as bedroom communities have lower ratios. A balanced ratio can be viewed as desirable as it indicates a healthy balance of housing job opportunities for local residents. The ratio declined for each city analyzed, reflecting a county-wide decline of jobs for each housing unit from 1.55 in 2000 to 1.33 in 2012 (Exhibit 9). The City of Issaquah experienced the largest decline, going from 2.58 jobs for each housing unit in 2000, to 1.46 in 2012.



# 1. POPULATION & DEMOGRAPHICS

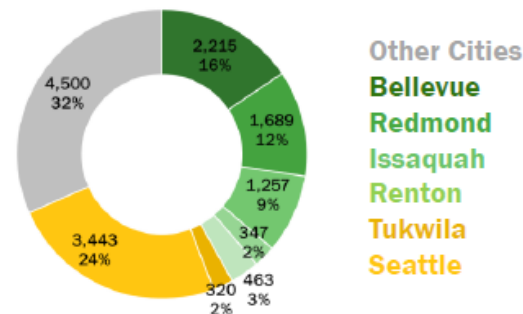
**Exhibit 10. Place of Residence for City of Issaquah Workers, 2011**



Source: Community Attributes, 2014; U.S. Census Bureau Longitudinal Employer-Housing Dynamics, 2014.

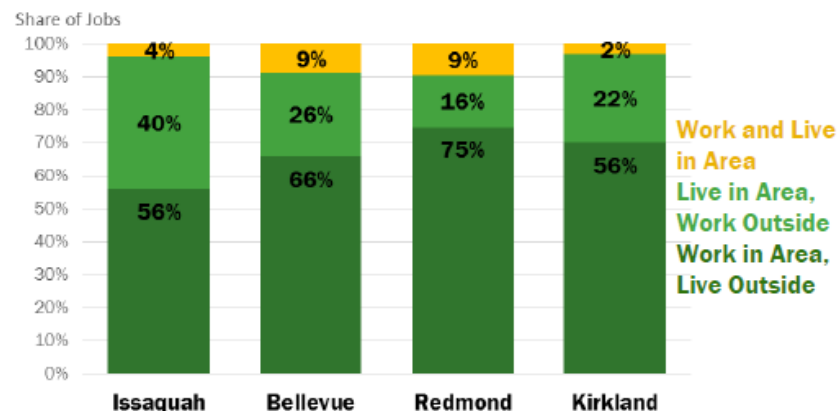
Exhibit 10 shows place of residence for workers in the City of Issaquah. Issaquah workers live largely outside of the city itself, with 6.4% working in Issaquah. Other places of residence for Issaquah workers include Seattle (8.8%), Sammamish (6.1%), and Bellevue (5.6%). Exhibit 11 shows place of employment for residents in the City of Issaquah, 8.8% of whom work in the city itself. Over half (51.7%) of residents work in the employment centers of Seattle, Bellevue, or Redmond. Exhibit 12 displays inflow and outflow of jobs by place of residence for four Eastside cities. Issaquah has a significantly higher share of those who live in the city and work outside (40%) than do either Bellevue (26%), Redmond (16%), or Kirkland (22%).

**Exhibit 11. Place of Employment for City of Issaquah Residents, 2011**



Source: Community Attributes, 2014; U.S. Census Bureau Longitudinal Employer-Housing Dynamics, 2014.

**Exhibit 12. Inflow & Outflow of Eastside Cities, 2011**



Source: Community Attributes, 2014; U.S. Census Bureau Longitudinal Employer-Housing Dynamics, 2014. Data mapped is jobs by place of residence.

# 1. POPULATION & DEMOGRAPHICS

## GUIDING QUESTIONS

- What are the strengths and weaknesses of the City's housing market?
- Is housing affordability an issue and for whom?
- How does housing affect the City's ability to attract and retain employees, existing businesses and new businesses?
- What are the implications of having so few people live and work in Issaquah?
- How can the City leverage it's high quality of life to attract and retain new businesses?

## 2. EXISTING EMPLOYMENT AND INDUSTRIES



SAMMAMISH PARKPLACE

*Source: Vulcan Real Estate*

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

### Introduction

This section of the report explores existing employment and industries in Issaquah including change over the last 15 years, major sectors of employment and their concentration in Issaquah, major employers, and sources of economic change in a given area. This section can help the City to better understand its own current strengths and opportunities to inform a future targeted recruitment strategy.

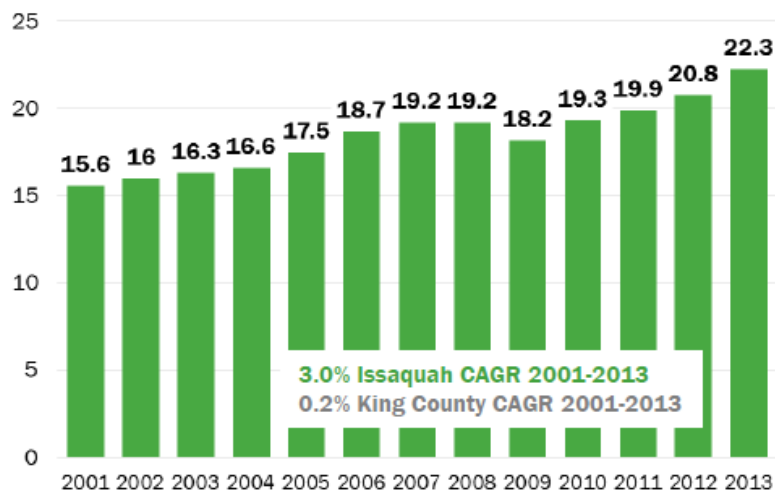
### Organization of this Section

- Issaquah Covered Employment, 2001-2013
- Issaquah vs King County Change in Jobs (Previous Year), 2001-2013
- Net Change in Covered Employment by PSRC Sector, City of Issaquah, 2001-2013
- Net Change in Service Sector Jobs, 2009-2013
- Employment Comparison by PSRC Sector, City of Issaquah, 2013
- Ten Largest Issaquah Sectors by Employment, 2013 Compared with 2001, net change
- Shift-Share Analysis: Largest Sector by employment, 2001-2013, and composition of net change
- Largest Employment Sector Gains and Losses in Issaquah 2001-2013
- Issaquah's Ten Largest Industry Sector, Example Companies and Employment, 2013
- Issaquah's Industry Specializations (Location Quotients over 1.0, All Sectors), 2013
- Top Selected Employers in Issaquah by Sector, 2014
- Ten Largest Industry Sectors (employment), 2001-2013 Growth, and Industry Concentration, City of Issaquah, 2013

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 13. Issaquah Covered Employment, 2001-2013**

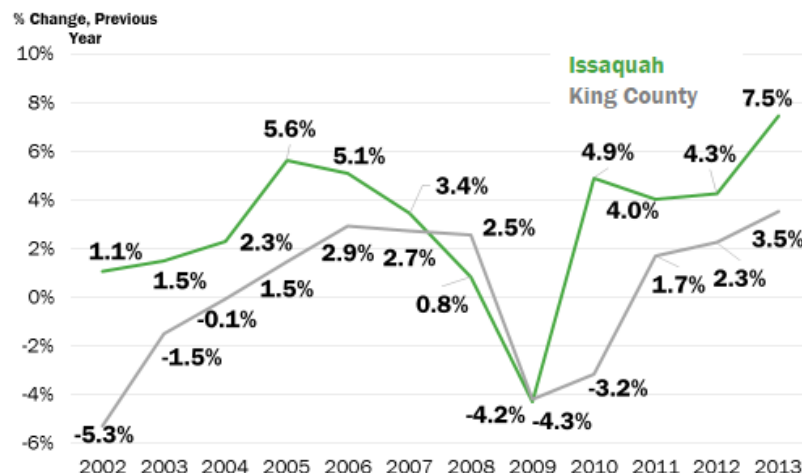
Thousands of Jobs



Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 13 shows employment in the City of Issaquah from 2001 to 2013, which has grown at a 3.0% compound annualized growth rate (CAGR) during that time compared with a 0.2% annualized growth rate for King County as a whole.

**Exhibit 14. Issaquah vs King County Change in Jobs (Previous Year), 2001-2013**



Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 14 displays percentage change of employment from the previous year during that time period. Issaquah employment began its recessionary decline earlier than King County did (around 2006, compared with 2008 for King County); in 2009 when the jobs decline reversed, Issaquah went from a loss of 4.2% of jobs from 2008-2009 to a gain of 4.9% of covered employment between 2009 and 2010. Issaquah's employment has outpaced the growth of King County between 2002 and 2013.



## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 15. Net Change in Covered Employment by PSRC Sector, City of Issaquah, 2001-2013**

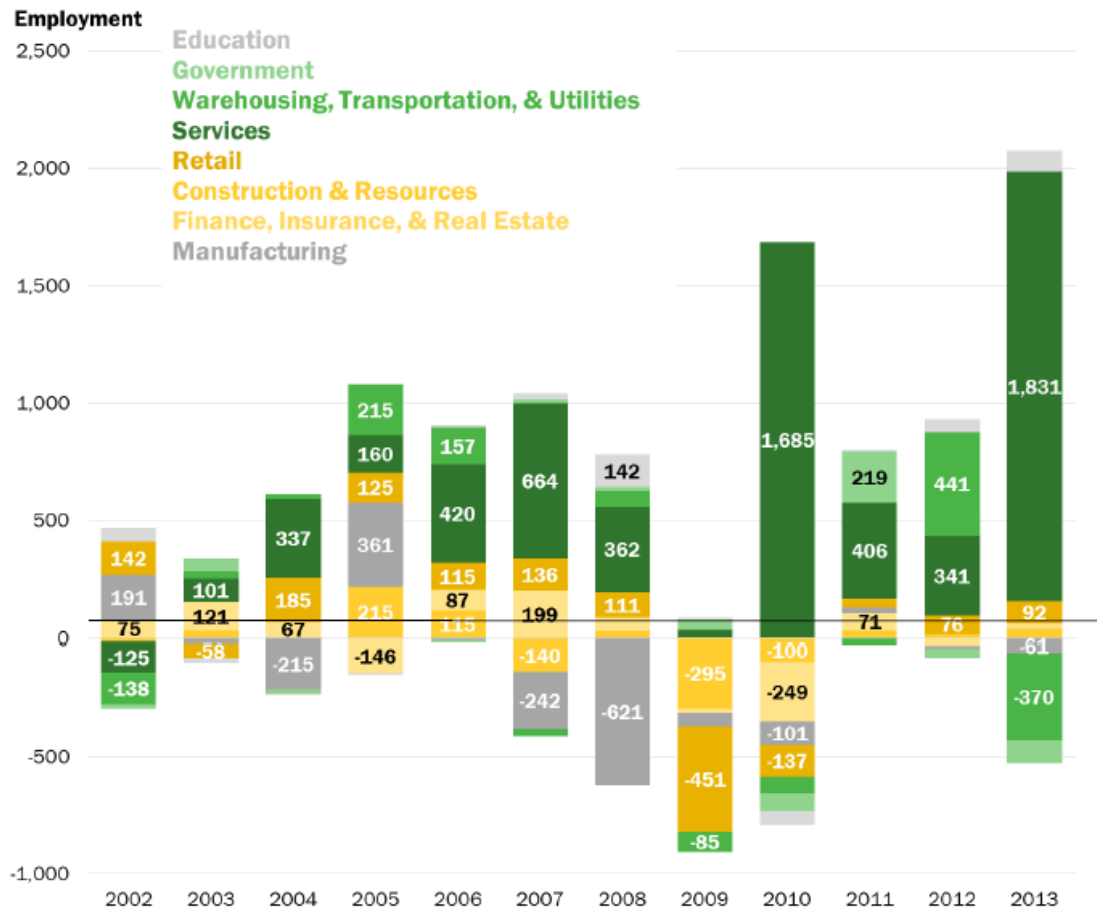


Exhibit 15 displays change in employment from the previous year by PSRC industry sector for Issaquah. Beginning in 2007, Issaquah lost jobs in manufacturing (242) and construction and resources (140), with another loss of 621 jobs in the sector in 2008. In 2009, further jobs were lost in Retail (451), Construction and Resources (295), and Warehousing Transportation, and Utilities (85). Recovery of these jobs began in 2010 with a gain of 1,685 jobs in services, and another 406 services jobs in 2011.

*Note: the increase in Information jobs can be attributed to Microsoft and may represent a lag in reporting of employment data.*

Source: Community Attributes, 2014; PSRC, 2014.

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 16. Net Change in Services Industry Jobs,  
City of Issaquah, 2009-2013**

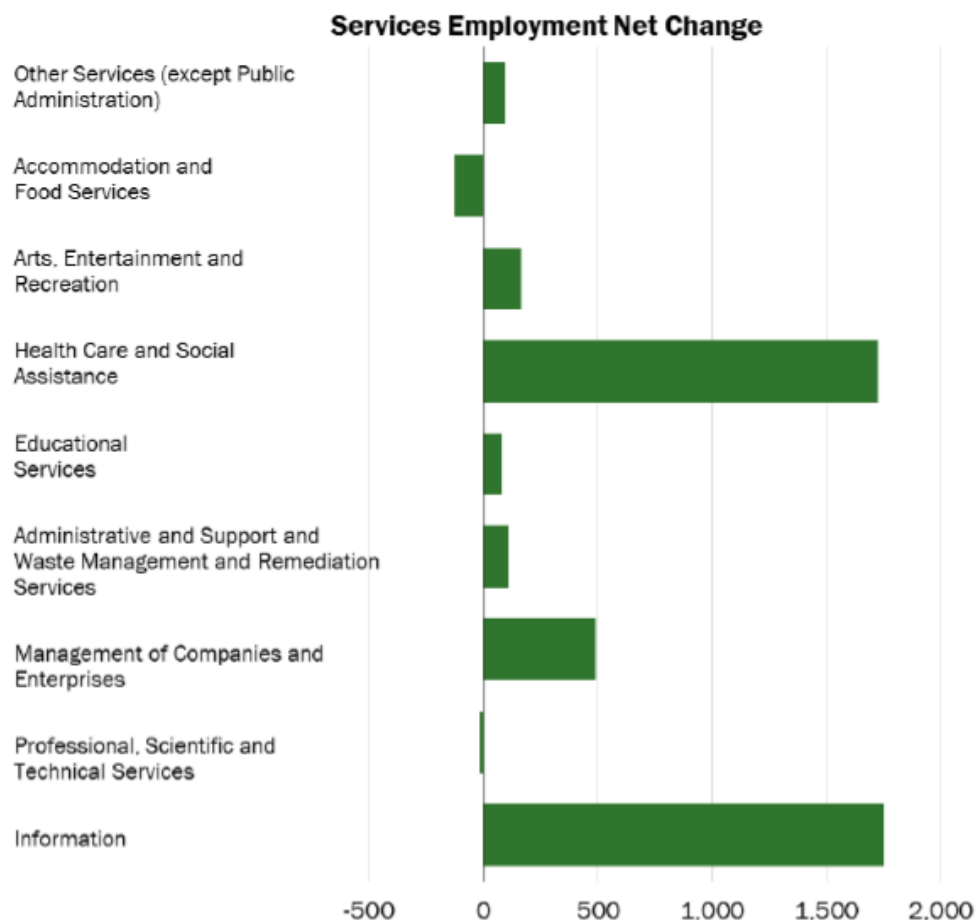


Exhibit 16 provides a detailed breakdown (by 2-digit NAICS) of the net change in Service Sector employment in Issaquah from 2009 to 2013. Major gain in employment were experienced in Healthcare, Management of Companies as well as Information. The strong growth in Services can be attributed in part to the additions of Swedish Hospital.

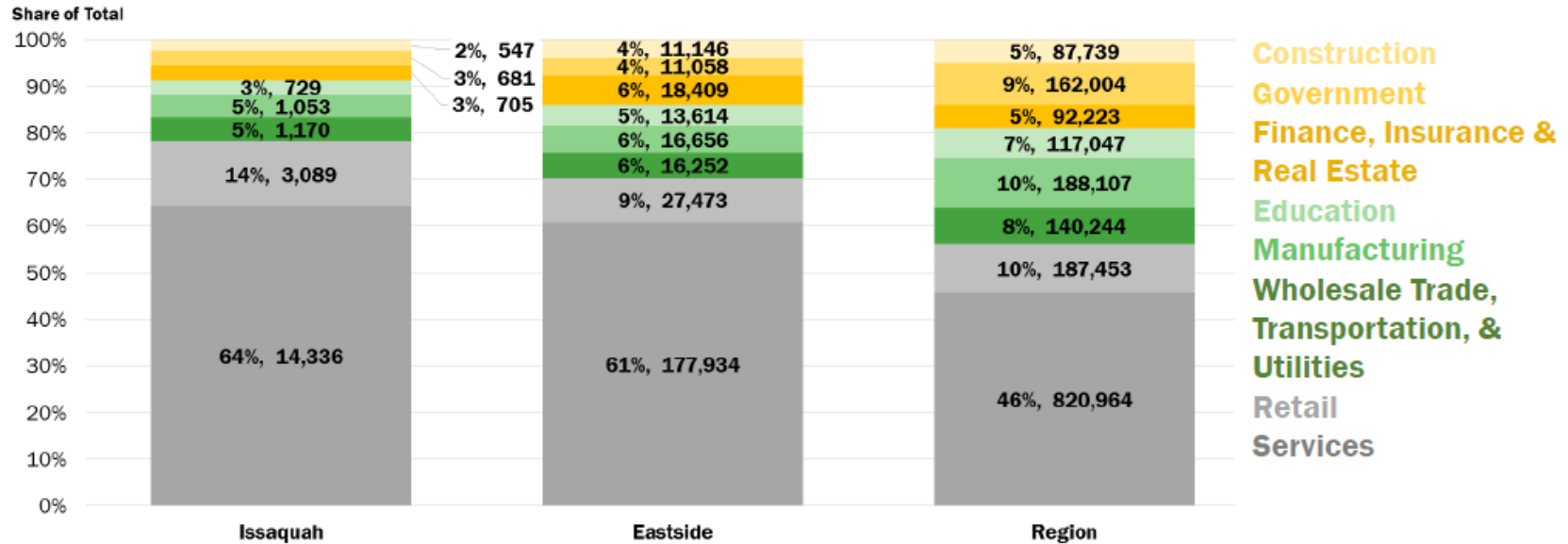
*Note: the increase in Information jobs can be attributed to Microsoft and may represent a lag in reporting of employment data.*

Source: Community Attributes, 2014; PSRC, 2014.



## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 17. Employment Comparison by PSRC Sector, City of Issaquah, 2013**



Source: Community Attributes, 2014; PSRC, 2014.

**Higher Share Employment Segments (Exhibit 17):** Issaquah employment has a higher share of retail than either Eastside Communities (14% in Issaquah, as compared to 9% in Eastside Communities, and 10% in the region as a whole); Issaquah has a higher share of services than the Puget Sound Region as a whole (60%), but a slightly lower share than Eastside Communities.

**Lower Share Employment Segments:** Issaquah has a lower share of Finance, Insurance, and Real Estate employment (3%) than either Eastside Communities (6%) or the Puget Sound Region as a whole (5%); Issaquah also has a lower share of Education (3%) than Eastside Communities (4%), and the region (7%).

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

### **GUIDING QUESTIONS**

- The City has added over 4,000 Services Industry jobs since 2009 and has a higher concentration of such jobs than found regionally
- What attributes make Issaquah attractive for Services industry jobs?
- What are future opportunities for growth in the Services Industry Sector?

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 18. Ten Largest Issaquah Sectors by Employment, 2013 Compared with 2001, Net Change**

Rank	Sector	Employment		Net Change	Compound Annual Growth Rate
		2001	2013		
1	Company Management and Admin Services	3,210	3,913	703	1.8%
2	Healthcare	961	3,385	2,424	12.1%
3	Restaurants & Bars	1,361	1,975	614	3.4%
4	Software and Other Publishing (except Internet)	207	1,889	1,682	22.3%
5	Consumer Retail	1,606	1,849	243	1.3%
6	Education (Local, State, and Private)	496	1,051	555	7.1%
7	Professional, Scientific, and Technical Services	987	1,018	31	0.3%
8	Computer & Electrical Equipment Manufacturing	989	756	(233)	-2.4%
9	Government	587	681	94	1.4%
10	Warehousing, Transportation & Utilities	506	557	51	0.9%
<b>All sectors</b>		<b>10,910</b>	<b>17,074</b>	<b>6,164</b>	<b>4.2%</b>

Source: Community Attributes, 2014; PSRC, 2014.

**Exhibit 18** shows employment in the City of Issaquah from 2001 to 2013 by the ten largest sectors (ranked by 2013 employment), net change in terms of employment, and annualized growth during that time period. The largest gain in terms of numbers and growth rate was in Software and Other Publishing (except Internet), linked to Microsoft, who occupies approximately 400,000 square feet of class A office space in Issaquah. Other large sector gains between 2001 and 2013 were in Healthcare (2,424 jobs), which likely reflects Swedish Hospital

opening in 2011 as well as Issaquah Nursing and Rehabilitation Center, which opened in 2010. Education (Local, State, and Private) also gained 555 jobs, which likely includes the new Issaquah High School.<sup>3</sup> Sector losses occurred between 2001 and 2013 in Computer & Electrical Equipment Manufacturing (a loss of 233 jobs).

<sup>3</sup> <http://www.issaquahpress.com/2010/08/31/new-era-dawns-for-issaquah-high-school/>.

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 19. Shift-Share Analysis: Largest Sector by Employment, Issaquah, 2001-2013**

Rank	Sector	Contributions to Net Change			Total Change
		Regional Effect	Industry Mix Effect	Local Effect	
1	Healthcare	69	227	2,129	2,424
2	Software and Other Publishing (except Internet)	15	36	1,632	1,682
3	Company Management and Admin Services	229	370	104	703
4	Restaurants & Bars	97	199	317	614
5	Education (Local, State, and Private)	35	31	488	555
6	Social Assistance and Non-Profit Organizations	17	70	190	277
7	Consumer Retail	115	24	105	243
8	Real Estate	9	16	210	235
9	Merchant Wholesalers	19	(46)	181	154
10	Grocery and Beverage Stores	26	(38)	159	148
<b>All sectors</b>		<b>1,121</b>	<b>348</b>	<b>5,149</b>	<b>6,618</b>
Contribution to Growth		17%	5%	78%	100%

Source: Community Attributes, 2014; PSRC, 2014.

Shift-share analysis is an analytic tool that helps identify sources of economic change in a given area—either from broad overall regional growth, growth due to a specific industry, and/or unique characteristics to the locale in question. The latter of these effects is the most interesting, as it reflects unique local competitive advantages. Across the entire local economy, 78% of all job growth during this period was due to the uniqueness of Issaquah.

For example, between 2001 and 2013, of the 2,424 additional jobs in the Healthcare sector in Issaquah, nearly all (88%) can be Healthcare can be attributed to Overlake, Proliance, three new medical office buildings as well as Swedish (Exhibit 19). Likewise, 97% of all job growth in Software and Other Publishing (except Internet) during this period was due to local effects, such as one company within Issaquah that far exceed regional and/or industry trends.

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 20. Largest Employment Sector Gains and Losses, Issaquah, 2001-2013**

	Rank	Sector	Net Change, 2001-2013
Gains	1	Healthcare	2,424
	2	Software and Other Publishing (except Internet)	1,682
	3	Company Management and Admin Services	703
	4	Restaurants & Bars	614
	5	Education (Local, State, and Private)	555
Losses	1	Other Manufacturing	-532
	2	Computer & Electrical Equipment Manufacturing	-233
	3	Construction	-61
	4	Motor Vehicle and Parts Dealers	-57
	5	Repair Services	-46

Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 20 shows employment in the City of Issaquah from 2001 to 2013 by sector gains and losses. Healthcare and Software and Other Publishing (except internet) were the largest gains during this time, with 2,424 and 1,682 job gains, respectively. Company Management and Admin Services, and Education were other categories with gains during this time; the latter reflects an expansion of Issaquah High School in 2010.<sup>4</sup> The largest losses were in Other Manufacturing as well as Computer & Electrical Equipment Manufacturing.

Despite these losses, Computer & Electrical Equipment Manufacturing is a highly concentrated cluster in the city (Exhibit 23), with the highest location quotient of any sector in Issaquah (3.9), meaning that Issaquah has 3.9 times the employment in this sector than in the U.S. as a whole.

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 22. Selected Top Employers in Issaquah by Sector, 2014**

Sector	Top Employers	Employees
Company Management and Admin Services	<b>Costco Corporate</b>	4,100
Software and Other Publishing (Except Internet)	Microsoft	1,800
Healthcare	Swedish Hospital, Issaquah	700
Computer & Electrical Equipment Manufacturing	Siemens Medical Solutions	450
Merchant Wholesalers	<b>SanMar</b>	340
Government	King County Libraries Public Service Center	300
Government	City of Issaquah	250
Consumer Retail	Home Depot	200
Computer & Electrical Equipment Manufacturing	<b>Applied Precision/GE Healthcare</b>	150
Healthcare	Virginia Mason	150
Merchant Wholesalers	Costco Wholesale CWC	145
Education (Local, State, and Private)	Issaquah School District 411	140
Warehousing, Transportation and Utilities	NAES	120
Motor Vehicle and Parts Dealers	Evergreen Ford	110
Entertainment and Recreation	Village Theatre	110
Healthcare	Providence Marianwood	100
Healthcare	Issaquah Nursing & Rehabilitation Center	100
Merchant Wholesalers	Darigold	100
Other Manufacturing	<b>Issaquah Dental Lab</b>	80
Construction	<b>Lakeside Industries</b>	80

Exhibit 22 illustrates the top employers in Issaquah, and an estimate of the number of employees working at the company. Costco and Microsoft are the largest employers with 4,100 and 1,800 employees, respectively. Companies with bolded titles indicate headquarters.

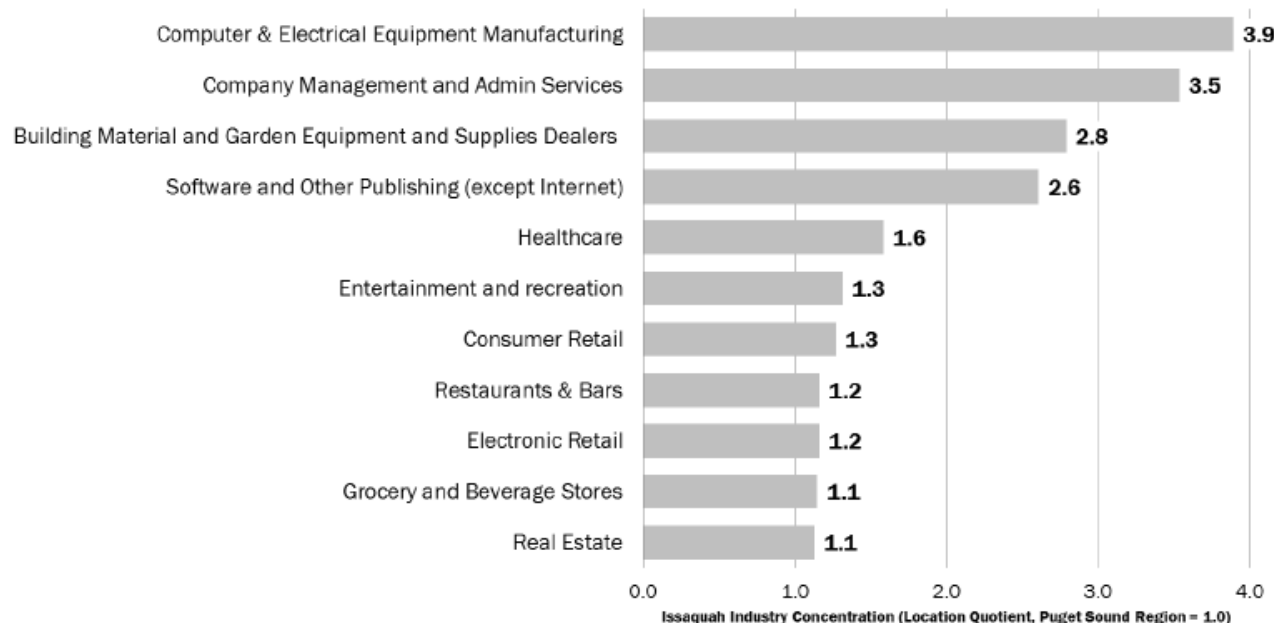
Source: Hoovers, 2014; City of Issaquah; Community Attributes, 2014;

Note: Employment figures for Microsoft and Costco are based on estimates provided by the City.



## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 23. Issaquah's Industry Specializations (Location Quotients over 1.0, All Sectors), 2013**



Source: *Community Attributes, 2014; PSRC, 2014.*

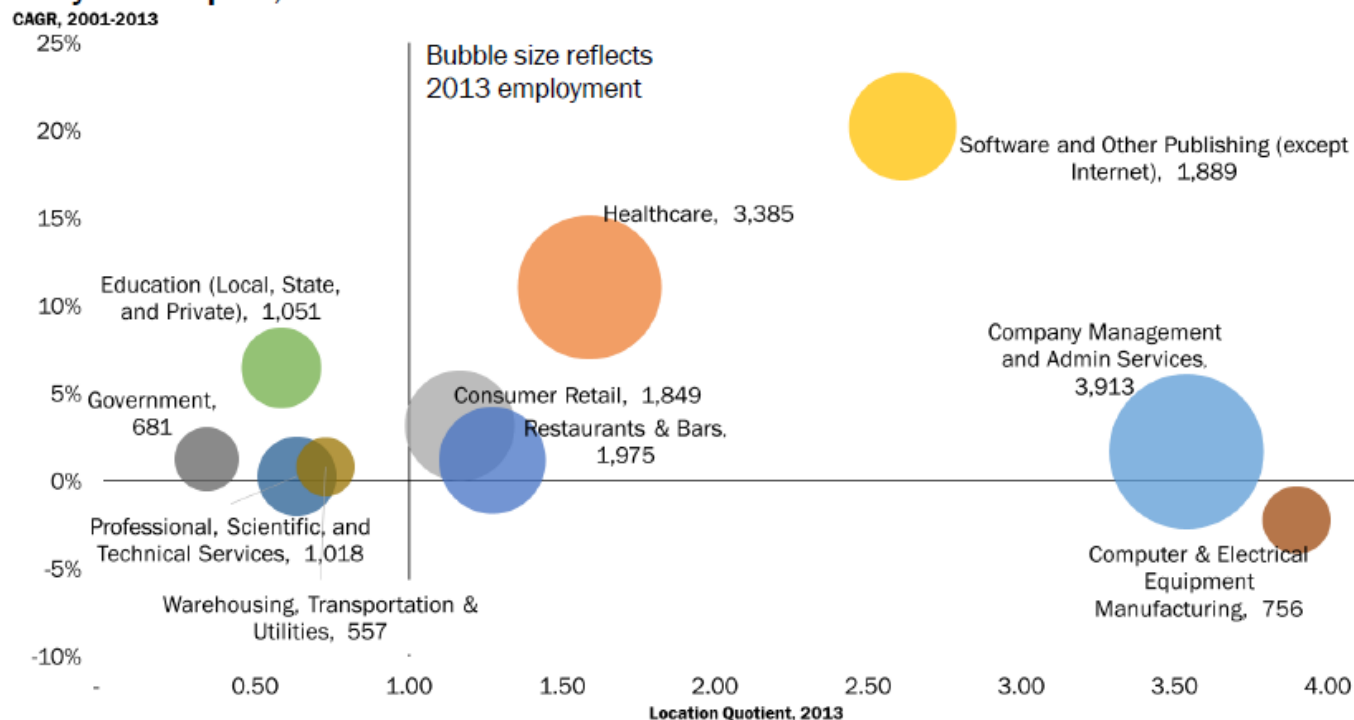
Exhibit 23 shows sectors in Issaquah ranked by their location quotient. The measure of location quotient allows a sector comparison between Issaquah and the larger region; the Location Quotient of the larger region is 1.0. A location quotient over 1.0 demonstrates a specialization in that industry when compared to the region, and a location quotient below demonstrates a non-specialization. Issaquah has high concentrations in Computer & Electrical Equipment Manufacturing with a location quotient of 3.9;

this can be interpreted by saying that Issaquah has 3.9 times the number of jobs in that sector than in the region as a whole (proportionally). Other high concentrations are in Company Management and Administration Services (with a location quotient of 3.5), Building Material and Garden Equipment and Supplies Dealers (with a location quotient of 2.8; representing Lowe's and Home Depot), and Software and Other Publishing (except Internet) (with a location quotient of 2.6).



## 2. EXISTING EMPLOYMENT AND INDUSTRIES

**Exhibit 24. Ten Largest Industry Sectors (employment), 2001-2013 Growth, and Industry Concentration, City of Issaquah, 2012**



Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 24 shows Issaquah's ten largest sectors in terms of employment by annualized growth between 2001 and 2013 (Y-axis), concentration (by location quotient, on the X-axis), and size of current employment (bubble size). Sectors with the highest growth between 2001 and 2013 include Software and Other Publishing (Except Internet), Healthcare, and Education (Local, State, and Public).

### Clusters Advantages in Issaquah include:

- **Software and Other Publishing (except Internet)**
- **Company Management and Admin Services**
- **Computer & Electrical Equipment Manufacturing**
- **Healthcare**

## 2. EXISTING EMPLOYMENT AND INDUSTRIES

### GUIDING QUESTIONS

- Healthcare, Software Publishing, Company Management/Admin Services, Computer and Electrical Manufacturing are four industry sectors that have a unique or strong presence in Issaquah
- What are the City and other business organizations doing to retain and facilitate growth in these industry sectors?
- What factors were instrumental in these companies deciding to locate in Issaquah?

### 3. INDUSTRY GROWTH



SWEDISH HOSPITAL, ISSAQUAH HIGHLANDS

*Source: Daily Journal of Commerce*

## 3. INDUSTRY GROWTH

### Introduction

This section of the report examines the existing industries and employment in Issaquah by industry growth through 2040 as well as occupational growth through 2022 and occupational wage. This section will help identify highest income and highest growth sectors for potential recruitment.

### Organization of this Section

- **Forecasted Covered Employment in Issaquah, 2012-2040**
- **Land Use and Building Mix, 2014**
- **Commercial Square Footage Developed (1950-2015)**
- **Selected Occupations by Top Sector, Growth (King County), Wage (Seattle MSA): Issaquah, 2017-2022**
- **Projected Employment Growth, Puget Sound, 2014-2024**

### 3. INDUSTRY GROWTH

**Exhibit 25. Forecasted Covered Employment in Issaquah, 2012-2040**

Issaquah	2012	2020	2030	2040
<b>Total Employment</b>	20,800	33,000	42,400	62,600
<b>Employment By Sector</b>				
FIRE-Services	13,200	24,200	32,200	45,600
Retail-Food Services	3,000	3,200	4,600	8,400
MFG-WTU	2,700	3,700	4,000	5,200
Gov't-Higher Edu.	800	1,400	1,400	1,400
Edu. K-12	600	800	800	900
Construction-Resource	500	900	900	1,600
<b>Percent Employment by Sector</b>				
FIRE-Services	63%	73%	76%	73%
Retail-Food Services	14%	10%	11%	13%
MFG-WTU	13%	11%	9%	8%
Gov't-Higher Edu.	4%	4%	3%	2%
Edu. K-12	3%	2%	2%	1%
Construction-Resource	2%	3%	2%	3%

Source: Community Attributes, 2014; PSRC, 2014.

Exhibit 25 shows forecasted employment in Issaquah between 2012 and 2040; employment is forecast to triple by 2040 from 20,800 in 2012 to 62,600 in 2040. Issaquah received status as an Urban Center in 2013, which establishes the city as a center for population and employment growth, and concentrates development in areas of existing growth.

Finance, Insurance, Real Estate and other Services are forecasted to comprise a growing share of employment growth, from 63% of the total in 2022, to 73% of the total in 2040. These sectors, from the Puget Sound Regional Council, are not available at other segments to translate into the existing jobs segments reported in the majority of this report, but certain parallels can be drawn. For example, FIRE-Services includes Company, Management, and Administration Services and Software and other Publishing.

*Note: PSRC forecasts for Issaquah may be subject to change and total employment growth may be revised based on updated zoning and modeling inputs.*

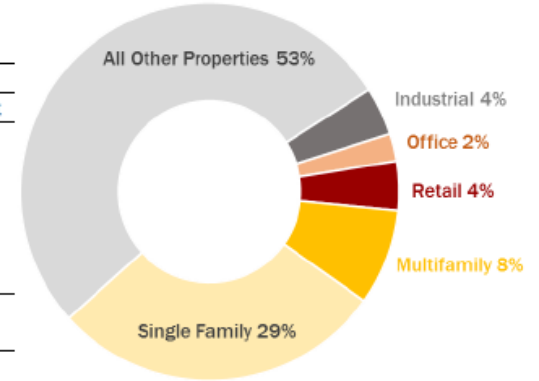


### 3. INDUSTRY GROWTH

**Exhibit 26. Land Use and Building Mix, Issaquah, 2014**

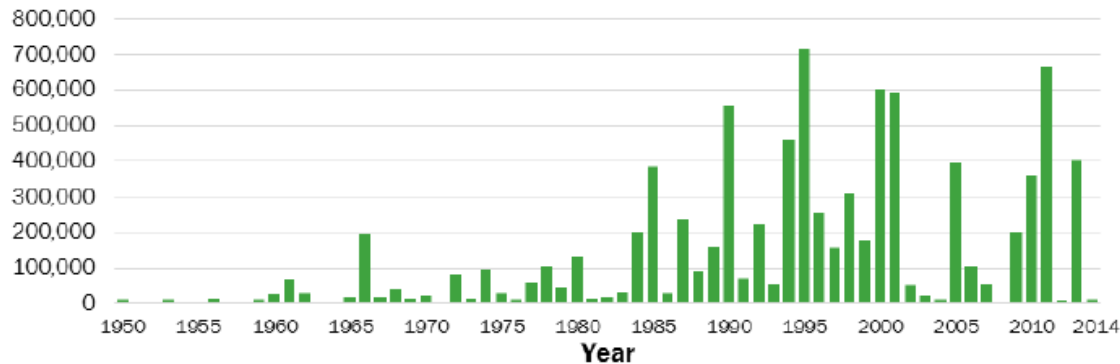
Parcel Land Use	Land		Buildings		2013 Assessed Improvement Value		
	Acres	%	Sq Ft	%	Imp Value	%	AV/Building Sq Ft
Industrial	235	4%	1,365,000	4%	\$49,270,000	2%	\$36
Office	134	2%	2,294,000	7%	\$213,680,000	7%	\$93
Retail	237	4%	2,715,000	8%	\$154,960,000	5%	\$57
Multifamily	469	8%	9,134,000	26%	\$984,090,000	31%	\$108
Single Family	1,626	29%	15,131,000	43%	\$1,560,150,000	49%	\$103
All Other Properties	2,998	53%	4,284,400	12%	\$242,640,000	8%	\$57
<b>Total</b>	<b>5,699</b>	<b>100%</b>	<b>34,923,000</b>	<b>100%</b>	<b>\$3,204,790,000</b>	<b>100%</b>	<b>\$92</b>

Source: Community Attributes, 2014; King County Assessor, 2014.



**Exhibit 27. Commercial Square Footage Developed, Issaquah, 1950-2015**

Commercial Sq. Ft.



Source: Community Attributes, 2014; PSRC, 2014.

- 1966 Building Materials and Construction Services (BMC)
- 1984 Meadows Shopping Center
- 1985 Town and Country Square
- 1985 Providence Marianwood
- 1990 Sanmar Building
- 1990 I-90 Corporate Center (Costco Headquarters)
- 1995 The Commons
- 1995 Pickering Place
- 2000 Sammamish Park Place
- 2001 Eastpointe Corporate Center
- 2001 Eastlake Sammamish Shopping Center
- 2005 Timber Ridge at Talus
- 2006 Hilton Garden Inn
- 2011 Swedish Medical Center
- 2013 Issaquah Highlands Grand Ridge Plaza

Exhibit 26 illustrates the land use mix in the City of Issaquah. Approximately 10% of the total land in Issaquah supports commercial uses. A small segment of that land is dedicated to office users, approximately 2%. It is important to note that the current land use mix differs from the current zoning designations the City has adopted, such as the new Central Issaquah Plan that will allow for a more

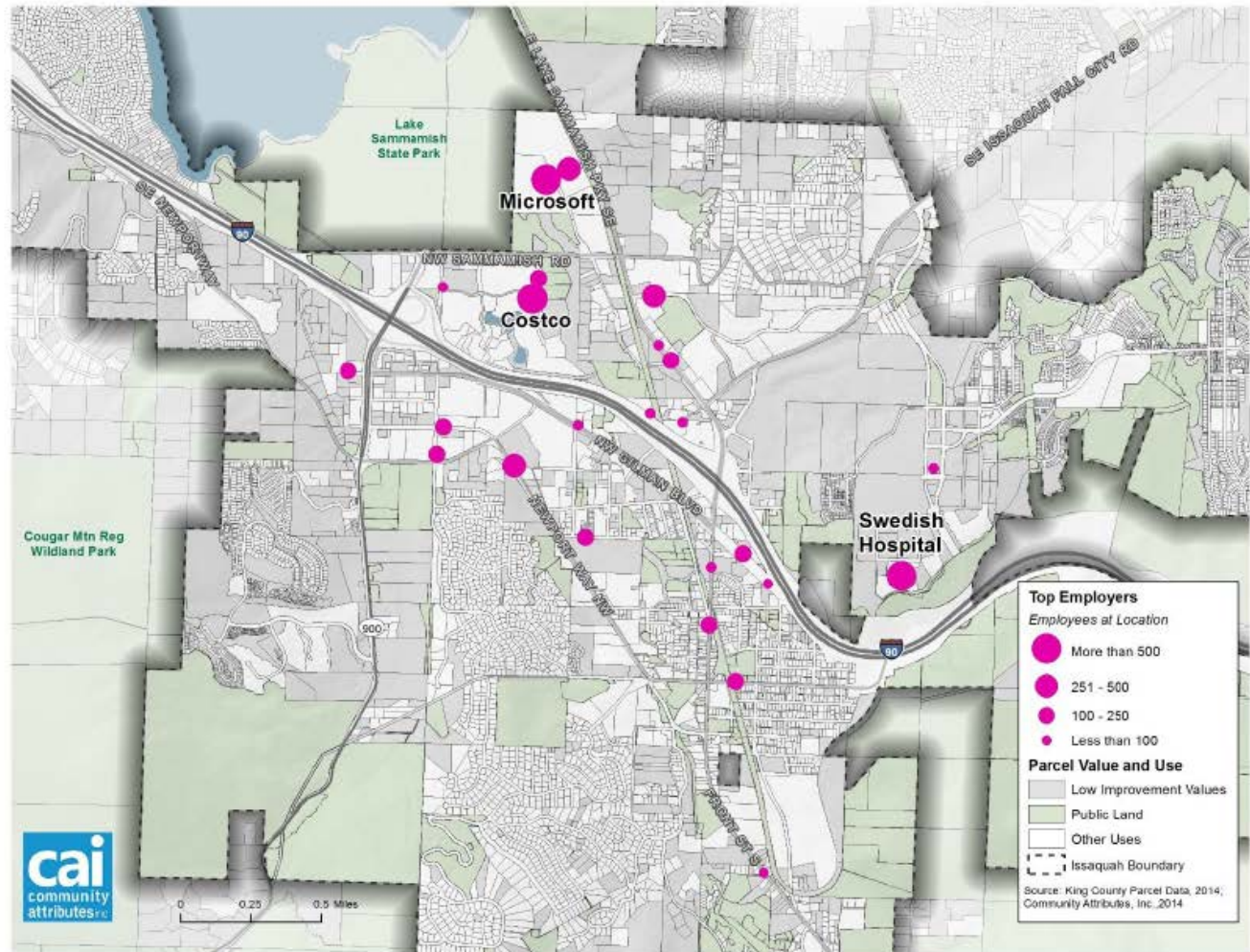
intensive mix of commercial and residential uses. Other areas designated for growth will shift the overall land use mix over time. Exhibit 27 illustrates new commercial development square footage by year from 1950 through 2015. How and where commercial development occurs will be a determining factor in future business recruitment and the types of businesses drawn to Issaquah.



### 3. INDUSTRY GROWTH

Exhibit 28 illustrates the locations of major employers in Issaquah as well parcels with lower levels of improvement value. Parcels with limited improvement values (shown in grey) represent land with potentially fewer barriers to redevelopment. Are there available properties that new or expanding business can grow into? Are those parcels well suited for their needs? Co-location of new businesses near existing employers is key consideration for future business recruitment.

**Exhibit 28. Major Employers and Improvement Values, Issaquah, 2014**



### 3. INDUSTRY GROWTH

**Exhibit 29. Selected Occupations by Top Sector, Growth (King County), Wage (Seattle MSA): Issaquah, 2017-2022**

Sector	Selected Occupations in Sector	ESD Avg Annual Openings 2017-2022 (King County)	2013 Median Annual Wage (Seattle MSA)
Software and Other Publishing (except Internet)	Software Developers, Applications	1,932	\$111,470
	Accountants and Auditors	872	\$70,000
	Computer Programmers	733	\$115,050
	Other Business Operations Specialists	508	\$68,530
	Management Analysts	490	\$93,650
Healthcare	Registered Nurses	843	\$81,960
	Secretaries and Administrative Assistants	465	\$39,990
	Nursing Assistants	353	\$30,200
	Personal Care Aides	347	\$23,230
	Medical Assistants	250	\$37,510
Computer & Electrical Equipment Mfg	Shipping, Receiving, and Traffic Clerks	199	\$34,470
	Inspectors, Testers, Sorters, Samplers, and Weighers	129	\$60,050
	Machinists	120	\$48,420
	Industrial Machinery Mechanics	97	\$59,480
	Aerospace Engineers	87	\$103,400
Company Management and Admin Services	Customer Service Representatives	802	\$36,150
	Laborers and Freight, Stock, and Material Movers, Hand	773	\$29,330
	Sales Representatives, Wholesale and Manufacturing	696	\$65,130
	Office Clerks, General	624	\$30,680
	General and Operations Managers	568	\$116,520

Source: Community Attributes, 2014; WA ESD Industry Occupation Matrix, 2014. Wage for Materials Engineers is not available for the Seattle MSA and wage for Kennewick MSA is shown instead.

Exhibit 29 displays the fastest growing occupations (growth forecast is for King County between 2017 and 2022) for clusters already existing in Issaquah, along with 2013 median annual wage for the Seattle MSA (which includes King, Pierce, & Snohomish Counties). Healthcare, Software and Other Publishing (except Internet), and

Company Management and Admin Services are forecast to have higher growth than Computer and Electrical Equipment Manufacturing; Applications Software Developers are forecasted to have the highest number of openings between 2017 and 2022, with 1,932 average annual openings.

### 3. INDUSTRY GROWTH

**Exhibit 30. Projected Employment Growth, Puget Sound, 2014-2024**

Industry Sector	2014 Employment	2024 Forecasted Employment	2014-2024 Net Change	2014-2024 CAGR
Professional and business services	267,372	380,225	112,853	3.58%
Construction	96,035	126,769	30,734	2.82%
Other services	526,885	626,930	100,045	1.75%
Information	94,208	110,569	16,361	1.61%
Government	291,839	322,405	30,567	1.00%
Wholesale and retail trade	285,816	308,418	22,602	0.76%
Transportation and public utilities	63,307	67,736	4,429	0.68%
Financial activities	100,500	102,873	2,373	0.23%
Manufacturing	188,753	172,839	-15,914	-0.88%
Natural resources	1,143	991	-153	-1.42%

Source: Conway Pedersen, 2014; Community Attributes, 2014.

Exhibit 30 shows forecasted employment growth by sector for 2014 to 2021 in Puget Sound; services and information are forecasted to grow the fastest during this time. With the exception of the cluster strategy of Computer & Electrical Manufacturing and the retail (as opposed to services) aspect of Outdoor & Recreation, all the clusters recommended for future development in Issaquah (next page) align with these high-growth sectors.

### 3. INDUSTRY GROWTH

#### **GUIDING QUESTIONS**

- What are Issaquah's comparative advantages to other cities in the Puget Sound Region?
- Where can existing and new businesses expand and/or locate in Issaquah?
- What kinds of industries or business categories seem to be successful in Issaquah?
- What types of businesses can best take advantage of Issaquah's unique combination of size, amenities and location?



## 4. BUSINESS AND INDUSTRY PERSPECTIVES



LAKE SAMMAMISH, ISSAQUAH

Source: Issaquah Chamber of Commerce

## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### Business Interviews

#### Introduction

This section of the report outlines feedback received through the process of in-depth interviews with Issaquah business leaders. Interviews focused on perceptions of business and economic vitality in Issaquah, workforce development issues facing employers, and Issaquah's opportunities and challenges.

#### Methodology

Interviews focused on the City's business climate, challenges, workforce, housing and opportunities. Interviews were conducted with a variety of business types representing the retail, healthcare, tech, real estate, restaurant and business services industries.

#### Purpose

The interviews were conducted to supplement the technical analysis of the report and provide further context about the cities relative strengths, unique attributes and perceived challenges. Interview findings are distilled into core themes and takeaways that inform potential strategies and provide a better understanding of the environment in which businesses operate in Issaquah.

#### Interview Themes and Takeaways

Responses are not attributed to individual stakeholders, but rather compiled and organized by the following topics and common themes.

- **Quality of life/Outdoors/Access**
- **What would make Issaquah more attractive?**
- **What are other cities doing to attract and retain businesses?**
- **What policy solutions exist or are recommended?**
- **What/Who could be in Issaquah?**

Drawn from interview feedback with numerous business owners and industry leaders, the following word cloud represents important words and phrases in common across interviews:





## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### What makes Issaquah a good place to work and live?

Interviewees we spoke to say that Issaquah's **quality of life** and easy **access to Issaquah's highlands** (unofficially named the Issaquah Alps) for **recreation opportunities** ranks high. The City's quality of life is evident in its excellent schools and its well-constructed, new, and diverse housing stock, even if affordability is an issue, which is discussed later in this section of the report.

Good access to Eastside communities and I-90 also allows Issaquah residents and workers to quickly travel to other major employment centers in Puget Sound, and visibility from I-90 helps support Issaquah businesses.

In 2011, Issaquah was nominated third in *Outside Magazine's* "Best Town Ever". The magazine cited Issaquah's proximity to both downtown Seattle as well as skiing, kayaking, and rafting in the Cascades as reasons Issaquah is a great place to live.<sup>5</sup>

<sup>5</sup> <http://www.outsideonline.com/adventure-travel/best-towns/Issaquah-Washington.html>

*"Issaquah's selling points are: quality of life, education and schools, an educated workforce, a nice mix of different flavors of business, and integrated housing throughout the city."*

*"The theme is outdoor activities."*

*"Recreation was a key factor in our recruiting."*

*"Skiing, biking and lake sports all right out the front door."*

*"You know, Bellevue can't build a mountain!"*

*"Being nestled up against the mountains makes it so attractive, as well as Issaquah's close proximity to Sea-Tac and Bellevue and I-90. It's a great location."*

*"Selling Issaquah is all about it being a great place to live. Business will take care of itself. We fall down when we try to sell a particular "business" message. That's not who we are."*

## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### What would make Issaquah more attractive to businesses?

When we asked what Issaquah needs to be a more appealing place to have a successful business, interviewees said that the city's two largest needs are **affordable housing** and **better transit options**.

Employers said that while their professional workforce is able to live in Issaquah or in other Eastside cities, entry level workers commonly live in Southeast King County, Maple Valley, or Tacoma. A greater diversity of homes at a variety of price points (including well-built rental housing) will make it easier for lower-income workers in Issaquah to live where they work. This would also make it easier for Issaquah employers to maintain employment at lower skill levels, which they said was difficult because of high turnover.

Regarding transit, stakeholders said that while it is easy and quick to get from downtown Seattle to Issaquah via public transit, other routes such as Kirkland, Sammamish, and Renton are underserved. Additionally, many interviewees said that it is difficult to get around Issaquah using both public transit as well as single occupancy vehicles due to lack of connecting buses and routes in the city and traffic congestion, respectively.

*"Transit! There are buses from Issaquah to Bellevue and Seattle and that's about it."*

*"Traffic improvement on the Valley Floor."*

*"Better transportation infrastructure and more bike lanes."*

*"Public transportation! We are big and our employees both at the professional and staff level travel a lot. Many do not live here, and if you don't own a car it's hard to get around."*

*"We lose power all the time. We actually lost a significant tenant because of capacity issues."*

*"We need intentional, well-designed, and more affordable housing."*

## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### What are other cities doing to attract and retain businesses?

While those we spoke with had positive comments regarding interactions with the City of Issaquah, interviewees said that Issaquah's **permitting processes take longer and have more stages of review**, as well as being more expensive when compared to other cities. As a consequence, while large companies have the resources to go through these processes, smaller businesses are sometimes forced to move elsewhere.

Interviewees also said that compared to other cities, **Issaquah lacks a unified message and vision** for business outreach and marketing the assets of the city. Interviewees said that Issaquah should focus on bringing people from outside the city, in. Employers hailed marketing events such as the Issaquah Salmon Days festival as successful examples of promoting the city to those outside Issaquah.

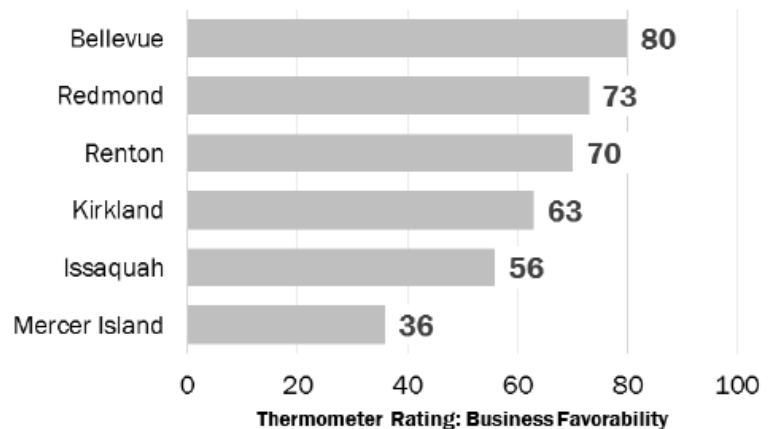
Exhibit 27 depicts the average "thermometer rating" for Eastside cities regarding their perceived favorability to business on a scale from 0 to 100, where 0 is "cold and unfavorable business climate" and 100 is "warm and favorable". Participants were asked to explain the reasons they rated cities the way they did, which are presented on the next slide.

*"There are too many commissions to deal with..."*

*"You get the feeling [big businesses] aren't totally welcome."*

*"Most efforts have been primarily focused on creating an attractive environment for residents, not businesses."*

### Exhibit 31. Average Thermometer Ratings: Business Favorability Perception



Source: Community Attributes, 2014. Not all interviewees responded to this question; this number represents the average of all reported responses.

*"The bureaucracy has become a barrier and only large companies have the capacity to manage all that. Bureaucracy is a turn-off for many small businesses."*

*"The process with the City is long and cumbersome...I've had to go to three different commissions just to get to the next level of decision-maker, that's just unheard of to me."*

## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### **What are other cities doing to attract and retain businesses?**

#### **Bellevue:**

*"They really get it. They know how to recruit companies—letter writing campaigns, support from the Chamber, support from peer CEOs—and put a very compelling package together."*

#### **Redmond:**

*"They have bigger businesses and room for development."*

#### **Renton:**

*"They have better transportation infrastructure and more bike lanes."*

*"Boeing was able to keep businesses there and not move—lots of potential for growth."*

#### **Kirkland:**

*"There is a lot more affordability in apartments there."*

#### **Issaquah:**

*"The growth is there and it's desirable. The problem is the traffic is so bad and the hiring pool is so limited."*

*"Issaquah is known for more families while Kirkland caters to a younger resident."*

#### **Mercer Island:**

*"It's a small area where the value of the land is high. Not a lot of businesses can afford that."*

*"They don't want anyone there."*

## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### What policy solutions exist or are recommended?

Stakeholders see many policy solutions to Issaquah's economic development for the City to become involved in. First, interviewees seemed to largely support annexation of **Lake Sammamish State Park**, which they see as a huge asset for Issaquah. Interviewees suggested a destination restaurant at the Lake and a boardwalk, as well as location for boat fueling.

Interviewees suggested that **better coordination between City departments** will reduce business burden during permitting processes, which they see as onerous when compared with neighboring cities. Additionally stakeholders said that development of a **clear identity for both the City and the neighborhoods** in Issaquah can help project a unified marketing message to other communities. However, one interviewee sees Issaquah's lack of brand as a positive thing because it doesn't hinder recruitment in any one sector.

*"Issaquah has a waterfront along Lake Sammamish, but we've pretty much turned our backs on it."*

*"[Kirkland and Issaquah] are both anchored by the waterfront, are really attractive, and have a mix of small and large businesses plus residential neighborhoods."*

*"We need to grow and cut the politics out, lots of precious time is lost there. If that time was utilized for marketing, that's a start."*

*"We need to build up our neighborhood identities the way Kirkland and Bellevue have and reinforce that we're a gateway to recreation."*

*"I would like to see better partnerships between the city and the various departments, so that when a company approaches Issaquah we could all get together as one big family and communicate that this is a great place to do business and live."*

*"It's a good thing that Issaquah doesn't have a "brand" such as being a gaming company town... a wide range of companies and/or industries could locate in Issaquah."*



## 4. BUSINESS AND INDUSTRY PERSPECTIVES

### What/Who could be in Issaquah?

Stakeholders see many opportunities for business recruitment and cited a number of attributes that make Issaquah a good place to do business. A broad number of business types representing a large spectrum of industries were discussed. Access to recreational amenities was often cited with the City's proximity to Lake Sammamish as well as Tiger Mountain and Snoqualmie Pass. Stakeholders also see the City's visibility to a major east west freeway (I-90) as a logical draw for employers. **There is a sense that Issaquah is well suited for a number of industries, which is an advantage it has over peer communities.** On the other hand, some larger companies such as law firms and professional service companies may find Issaquah less appealing because of their need to be located in or near a central business district like Bellevue or Seattle. **Smaller technology startups have found Issaquah attractive** and used the City as a springboard for growth, eventually relocating to Seattle and Bellevue. In addition, one interviewee cited the success of family/kid focused businesses as a cluster to build on.

One interviewee cited the **opportunity that major companies in Issaquah represent.** It's important to understand the impact of companies like Microsoft, Swedish, Siemens and Costco and the companies that may want to be located near them. What kinds of space will they need? Another interviewee cited the success of retail in Issaquah, especially well branded retailer that serve corporate clientele.

*"We really see the impact of Costco suppliers—accounting firms, baking companies, showroom furniture."*

*"[Unique] kid-focused businesses like Springfree Trampoline, Gymnastics East, Arena Sports, and tutoring businesses."*

*"Most of the restaurants have been successful. They're unique to Issaquah, not chain restaurants. There's definitely a different feel in Issaquah."*

*"Continuing to support access to recreation."*

*"Issaquah is good for tech companies."*

*"The greatest opportunity is in tech companies."*

*"It's a plus that a wide range of companies and/or industries could locate in Issaquah"*



## 5. CLUSTER STRATEGIES



CENTRAL ISSAQUAH

Source: Google Earth.

## 5. CLUSTER STRATEGIES

Based on interviews and analysis for this project, Issaquah can employ two approaches in their cluster strategy development. **First**, Issaquah can grow employment based on clusters of industries and businesses that already exist in the city, such as Microsoft or Costco. The presence of these indicates current success in maintaining a business and building on what already exists minimizes challenges in early stage development that companies and sectors that are new to Issaquah must face. What does currently exist in Issaquah? Based on data, Issaquah has four sectors of business, including

- **Outdoor Recreation and Tourism**
- **Health and Wellness**
- **Information Technology and Research**
- **Company Management and Services**

While the first three sectors listed above are not necessarily unique to the Puget Sound region, the latter two are. Because Issaquah already has a retail presence, retail is not a focus of the growth for the city. However, the other sectors hold potential for Issaquah's economic development.

Issaquah should not limit its efforts to building on that which already exists. **Second**, Issaquah can focus on physical assets it possesses (such as quality of life and access to outdoors and recreation) and market those to companies and clusters that would be attracted to those assets. This is also necessary because Issaquah currently lacks a definitive industry cluster that it is often associated with. Because one of these strategies is inwardly-focused and the other external, these approaches are

complimentary to each other, and both should both be used in the recruitment effort.

Based on Issaquah's access to recreation, mountains, and water, pursuing a cluster of **Outdoor Recreation and Tourism** may focus the City's branding efforts while developing a new cluster of activities in Issaquah. Additionally, support and complimentary activities for this cluster do already exist, such as REI (retail), Gerk's Ski and Cycle, and Creekside Angling Company.

There is overlap as well with the Outdoor Recreation cluster of activities and that of Healthcare; Swedish Hospital's focus in Issaquah is on preventative medicine and rehabilitation. As healthcare focuses on care for an aging population, access to outdoor amenities will play a more important role in quality of life. The intersection between these clusters is significant for families with children, who desire access to good schools, health care, and services like sports lessons.

## 5. CLUSTER STRATEGIES

**Exhibit 28. Target Industries Review Template**

Cluster	Description	Local Company Examples	Opportunities	Challenges
<b>Outdoor Recreation and Tourism</b>	A place-based cluster of businesses focused on recreational amenities. This can extend to recreation companies testing products, retail, equipment R&D, with overlap between Healthcare.	<ul style="list-style-type: none"> <li>• REI</li> <li>• Gerk's Ski and Cycle</li> <li>• Creekside Angling Company</li> <li>• Uphill Running</li> <li>• Kayak Academy</li> <li>• Arena Sports</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah has unmatched access to outdoors; this cluster can complement existing recreational technology activities in Kent.</li> <li>• Overlap with healthcare.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of existing presence.</li> <li>• The City would have to take a leadership role in developing this; challenges in defining the cluster.</li> </ul>
<b>Health and Wellness</b>	Includes a range of practices: hospitals; preventative care; aging care; and specialists. There is overlap between Healthcare and activities of Healthcare Research and Manufacturing, as well as Outdoor Recreation and Sports Medicine.	<ul style="list-style-type: none"> <li>• Overlake, Virginia Mason, Providence Marianwood</li> <li>• UW Medical and Swedish</li> <li>• Lakeside Center for Autism</li> <li>• Spiritwood at Pine Lake</li> <li>• Issaquah Nursing &amp; Rehabilitation Center</li> <li>• Proliace Surgeons</li> </ul>	<ul style="list-style-type: none"> <li>• A strong existing presence.</li> <li>• Opportunities for expansion on activities complimentary to Swedish.</li> <li>• A growing and aging population.</li> </ul>	<ul style="list-style-type: none"> <li>• The health care business model is in flux.</li> <li>• Issaquah must define the City's role among Eastside providers within the competitive healthcare market.</li> </ul>
<b>Information Technology and Research</b>	Software, gaming, hardware, and R&D along with Dental and medical device and product manufacturing. There is potential overlap between IT activities, Healthcare Research and Manufacturing.	<ul style="list-style-type: none"> <li>• Siemens Medical Solutions</li> <li>• Applied Precision/GE Healthcare</li> <li>• Issaquah Dental Lab</li> <li>• Microsoft</li> <li>• Goldsim Technical</li> <li>• Oslo Solutions</li> <li>• ServiceSource</li> <li>• Luxecards</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah already has a role as an incubator/startup location.</li> <li>• Skilled labor force in Issaquah and surrounding communities.</li> <li>• More affordable than Seattle; potential for growth as tech workforce ages.</li> <li>• Opportunities for expansion on the already existing presence and for synergies within Healthcare sector.</li> <li>• Growing and aging population.</li> </ul>	<ul style="list-style-type: none"> <li>• Issaquah must define the city's role in Seattle among the competitive technology and research sector.</li> <li>• IT sector needs to diversify beyond Microsoft.</li> <li>• With biotechnology activities elsewhere (Bothell, South Lake Union), this is a competitive market.</li> <li>• Among clusters this one is less well-known.</li> </ul>
<b>Company Management and Services</b>	Business headquarters and activities associated with management and operations of companies.	<ul style="list-style-type: none"> <li>• Costco</li> <li>• Acosta Sales &amp; Marketing</li> <li>• Advantage Sales &amp; Marketing</li> <li>• Transnet</li> <li>• NAES</li> </ul>	<ul style="list-style-type: none"> <li>• Growth in Costco footprint &amp; existing vendors.</li> <li>• Opportunity to grow businesses that support Costco and locate them in Issaquah.</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of complementary office space.</li> <li>• Need to diversify beyond just Costco.</li> </ul>

## 5. CLUSTER STRATEGIES

### GUIDING QUESTIONS

- > What the biggest challenges and opportunities for each of the clusters proposed in Exhibit 28?
- > Of the proposed clusters, which is the City most well-aligned to pursue, grow or recruit?
- > Of the proposed clusters, which is the City least well-aligned to pursue, grow or recruit?



## 5. CLUSTER STRATEGIES

### **Next Steps:**

Based on interviews and analysis for this project, we have proposed four potential clusters of activities for Issaquah to focus their economic development efforts. City and local stakeholders and real estate professionals may wish to develop strategies around the four clusters suggested for future growth in Issaquah. Strategies may build on the existing analysis and prospective cluster recommendations and may consist of a complete Cluster Strategy as well as a focused Action Plan. The overall strategy should consist of actionable strategies and next steps that will guide the City through potential IPZ applications, business recruitment as well as business retention.